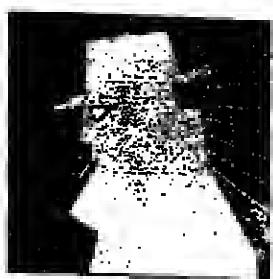


## FT Weekend



**The enemy within**  
*'No boss can have read the López story without feeling a clutch of fear'*

Page I

http://www.FT.com



**Japan's joker**  
*'They wanted to operate on my brain - I didn't mind becoming a fool'*

Page III

# FT

## FINANCIAL TIMES

APRIL 12 / 13 1997

## FT Weekend



**An athlete's gamble**  
*'If Ladejo succeeds he'll have prodigious earning power. For now, it's zero'*

Page IX



**Rural charms**  
*'You buy a country house. Then one day a tractor appears outside your window'*

Page XIV

# EC agrees Helms-Burton deal

## Compromise could end bitter dispute with US

By Lionel Barber in Brussels and Guy de Jonquieres in London

The European Commission and the US yesterday reached an agreement in principle aimed at resolving their bitter dispute over the Helms-Burton anti-Cuba law.

The proposed compromise, which is subject to approval by EU member states and action by Congress, is intended to remove serious strains on transatlantic relations and prevent a head-on confrontation in the World Trade Organisation.

The deal involves undertakings by US President Bill Clinton to

seek to limit the application of Helms-Burton, which penalises foreign companies "trafficking" in Cuban assets confiscated by the Castro regime.

In return, the EU would request a suspension of a WTO dispute panel hearing its complaint against Helms-Burton.

But the EU would reserve the right to reinstate its case if the US failed to deliver on its side of the deal, or used Helms-Burton against European companies. The

compromise package depends crucially on Mr Clinton securing authority from Congress to waive a provision in the law which requires the US to deny visas to executives of foreign companies "trafficking" in Cuban assets.

Mr Clinton has offered to seek that authority after the US and EU have concluded planned negotiations on an agreement designed to deter European companies from making future investments in expropriated

assets. A spokesman for Senator Jesse Helms, chairman of the Senate Foreign Relations Committee and co-sponsor of the bill, said the senator supported the negotiation.

But he would be surprised if Congress granted Mr Clinton's request unless European companies were also required to liquidate existing investments in Cuba.

The US has reassured the EU that until the end of Mr Clinton's

term in January 2001 it will continue to waive a provision in Helms-Burton which authorises private US court cases against foreign investors in expropriated Cuban assets.

In addition, the US has agreed to seek to shelter European companies from the provisions of the D'Amato law, which penalises foreign investors in the oil industries of Iran and Libya.

The text of the US-EU agreement in principle refers explicitly

to Washington's satisfaction at the speed of the EU response to this week's German court ruling against the Iranian murders of Kurdish exiles in Berlin.

Both the EU and the US are anxious to avoid a confrontation over the WTO disputes panel because a rift between the world's leading trade powers could undermine the authority of the new organisation overseeing the multilateral trading system.

Sir Leon Brittan, EU trade commissioner, will put the proposed compromise to EU ambassadors on Monday.

Hemingway Heritage, Page 3

# US sales figures heighten interest rate fear

By Richard Lapper in London and Lisa Bransten in New York

Stroog US retail sales and wholesale price figures yesterday raised fears of a further increase in interest rates, and hit investor sentiment in international financial markets.

US government bond prices fell sharply in early trading in New York, with the yield on the benchmark 30-year bond rising by 0.07 of a percentage point to 7.18 per cent.

Fears of a rise in interest rates - to follow last month's quarter-point increase - also unsettled the US equity market. By mid-afternoon in New York the Dow Jones Industrial Average was down 111.55 points to 6438.1.

The negative mood spread to Europe, with yields on benchmark German bonds rising 0.04 of a point to 5.96 per cent. Other European bond markets were also weaker.

European equity markets closed lower. The FTSE 100 in London fell 42.5 to 4,270.7. In Frankfurt the DAX eased by 33.34 to close at 3,319.24, while in Paris the CAC-40 closed off 33.41 at 2,574.56.

"Most of the weakness has come from the American figures," said Mr Michael Hughes, head of global strategy at BZW, the investment banking arm of Barclays. "There is clearly a concern about higher rates and an increasing expectation that a rise will come at the next meeting [of the Federal Reserve Bank's Open Market Committee] in May."

Details, Page 4; Bonds, Page 7  
World stocks, Page 21  
London stocks, Page 22

# Prime minister likely to quit amid urgent efforts to strike a deal with Congress party

## India's United Front administration falls

By Mark Nicholson in New Delhi

India's United Front government fell last night after a day of frantic intrigue and drama culminating in a vote of no confidence in parliament.

Leaders of all 13 leftwing and regional parties in the complex coalition announced that they would reconvene today in an urgent effort to achieve a last-minute compromise with the opposition Congress party which caused their downfall, and thus avoid fresh elections.

As confusion reigned over the eventual outcome, the Bombay stock exchange fell 2.5 per cent at the start of trading, before recovering to end the day 1 per cent up.

Any solution last night seemed likely to require the sacrifice of Mr H.D. Deve Gowda, the prime minister. In a long and indignant speech to the Indian parliament, illuminated with his earthy

humour, he declared: "I know I am going to lay down office." In a bitter criticism of the Congress party and Mr Sharan Kesri, its leader, who precipitated the vote, he called for "basic manners in public life".

The vote followed a day of intercrossed dramas - one played out in public on the green-carpeted floor of India's lower house, the other in private at the Andhra Pradesh guest house a mile away, where the political barons of the ruling coalition plotted and haggled over their own survival.

As they met, crowds of journalists paced outside, sipping plastic cups of tea brought by relays of "bearers". They swapped rumours by cellphone amid commands nursing machine guns and the fleets of cream Ambassador cars which attend every gathering of top Indian politicians.

The gathering broke up in a pandemonium of yelling TV

crews, coughing Ambassador engines and a battle of elbows, cameras and shoulders between Delhi's elite reporters and India's elite commandos, who squeezed tight-lipped politicians into their plump cars, which bearded off red lights flashing, to repeat the circus somewhere across town.

In parliament, a succession of speakers both denounced and defended the UF's 10-month rule to a packed and restive assembly. Mr P. Chidambaram, UF finance minister and architect of its economic reform strategy, told the house "with terrible sadness" that a vote of no confidence would abrogate the "correct interpretation of the mandate of the people" in last May's elections.

But, in a sardonic attack on both the UF and Congress, Mr Jaswant Singh of the Hindu nationalist Bharatiya Janata party - the most likely party to gain from new elections - said



Embattled prime minister H.D. Deve Gowda arrives at parliament before the crucial vote yesterday

the government had been a "huge lie inflicted on the people of India". Its fall was a result of "personal pique" by Mr Kesri, the Congress president, creating "a wholly artificial, spurious and entirely avoidable crisis."

TV channels scrapped their schedules to broadcast more than twelve hours of debate.

Today's UF meeting looks set to be an internal battle to decide whether and with whom to replace Mr Deve Gowda.

The hope seems to be that a new leader would win Congress support, so the president could be asked for the chance to re-form a government engineered - like the coalition - to keep the BJP from power.

## News General

## EU hailed on Iran move

The US yesterday welcomed the European Union's swift reaction to a German court verdict which found Iran's leadership responsible for a multiple killing in Berlin. A White House official said the court's finding in the September 1992 murders of four opposition Iranian Kurds was a vindication of US policy which treats Iran as a pariah state and urges other nations to do the same. Page 3

**Consultation no bar to job cuts:** Companies which involve their staff most closely in decisions are also the most likely to impose job cuts, according to a survey of managers in 10 European Union countries. The response from nearly 5,600 predominantly private-sector employers dashes the image of drole queues created largely by tycoons who run their businesses by whim. Page 2

**Mayor tackles UN:** New York mayor Rudolph Giuliani, who is up for re-election, has brought the issue of illegal parking near the United Nations to a diplomatic level that could reach the floor of the General Assembly. With 110,000 unpaid tickets last year (\$1,000 to Russians), the one-time prosecutor has threatened to strip offenders of their diplomatic licence plates. The UN's legal counsel says that violates the Vienna convention on diplomatic immunities. Page 3

**S Korea moves into civil aviation in deal with ATR:** South Korea signed a memorandum of understanding with Aero International Regional (AIR), involving France's Aerospatiale, British Aerospace and Italy's Alenia, on its \$1.2bn project to develop a 70-seat jet. It follows collapse of South Korea's venture with China's Aviation Industries and its failed attempt to take over the Dutch aircraft maker Fokker. Page 4

## Man in the News

### Romano Prodi

The Italian prime minister almost lost his job and his good humour this week as his government just survived a traumatic parliamentary debate over sending troops to Albania and subsequent votes of confidence. But party divisions have been exposed and Mr Prodi's own position seriously weakened.

See page 9



## News Business

## Better birthday for Disney

Flamboyant birthday celebrations at Disneyland Paris - 10 years after the Walt Disney company signed an agreement with the French government to build the theme park and five years to the day since its gates opened - mark a time when the US entertainment giant can begin to breathe a sigh of relief over its controversial European asset. Even some of its fiercest critics - whether Gallic intellectuals, US financial analysts, or its bankers and investors - have enjoyed the park. Nearly 50m visitors have passed through the gates in the past five years. In the year to last September alone, there were 11.7m, making it one of the most popular attractions in Europe. Page 25

**French utility merger plans:** Suez and Lyonnaise des Eaux de France formally announced their plan to merge, creating a combined group focused on utilities that would have a turnover of FF220bn (\$38.26bn) and be one of France's largest quoted companies. If investors approve the deal at annual general meetings in June, they will receive 20 Lyonnaise shares for each of the 41 Suez shares they hold. Suez will also pay its shareholders an exceptional dividend of FF3.8m in advance of the merger. Page 26

**Heat turned up on Gazprom:** The Russian government has given the gas monopoly Gazprom one month to agree to a restructuring, possibly involving a break-up. Gazprom's domestic shares fell 4 per cent in early trading as investors worried about the ultimatum but they recovered some of their losses when Gazprom said it would propose steps to restructure the industry, increase foreign investment and disentangle itself from its many debts. Page 26

**Boeing branches out:** Boeing Enterprises, the diversification division set up by the US aerospace company earlier this year, said it planned to add aircraft maintenance and data services to its portfolio. Officials said several options, all part of chairman Philip Condit's recently unveiled global strategy, were being considered. Page 23

**Zulus win mercury poisoning fight:** Twenty South African workers poisoned by mercury agreed to accept R8.4m (\$2.1m) in settlement of a High Court action against Thor Chemicals Holdings, a British multinational. The men, all Zulus, sued the company and its chairman, Desmond Cowley, in the UK after falling ill while working at its plant at Cato Ridge, Natal, in 1992. Their English solicitors, Leigh Day & Co, described the agreement as "a landmark settlement with major implications for other British multinationals with operations in the developing world". Page 6

## Contents

News	1	Compensation	23-25	Managed Funds	11-17
International News	2-4	Companies & Finance	23-25	Money Markets	10
UK News	5	Markets	22	Recent Issues	22
Weather	25	FT-SE Analysis	22	Share Information	16-19
Law	25	FTSE-A World Index	25	World Commodity	7
		Foreign Exchange	10	Wall Street	20-21
		Gold Markets	22	Buzz	20-21
		Equity Options	22		
		London SE	22		
		US Dealings	21		
				Weekend FT	Section II



9 770174 798155  
Lithuania LIT2.00 Luxembourg LUX2.00 Netherlands FLG1.75 Norway NOK2.00 Oman OMR1.75 Pakistan PKR1.00 Philippines PHP1.00 Poland PLN1.00 Portugal PTE1.00 Saudi Arabia SAR2.00 South Africa ZAR1.00 Spain Ptas200 South Korea KRW100 Sweden SEK1.00 Switzerland CHF1.00 Taiwan TWD1.00 Thailand THB1.00 Turkey Lira1.00 USA \$1.00 UK £1.00

**Chopard**  
GENÈVE  
depuis 1867

Collection  
**CLASSIQUE HOMME**  
The timeless lines of mechanical perfection  
This tradition since 1867

The refined extra-thin model with automatic movement, power reserve up to 1 day, with date and small seconds hand (style no. 66227), in 18k yellow gold, rose gold or platinum. Available at leading watch specialists worldwide. London: Chopard Boutique, 11 Ave. Road Street, Tel: 0171 734 1111 or 11 For further information, catalogue and price list, please call 0171 734 6363



## NEWS: EUROPE

# 'Open' companies lead job-loss league

By Gordon Cramb in Amsterdam

Companies which involve their staff most closely in decisions are also the most likely to impose job cuts, according to a survey of managers in 10 European Union countries.

The first results of the survey of nearly 5,800 predominantly private-sector employers - released to an EU conference organised by the Dutch employment ministry which ended in Amsterdam yesterday - dash the picture of a dole queue replenished largely by tycoons who run their businesses by whim.

Instead, says the report by the Dublin-based Epoc Research Group, "the more extensive the scope of direct participation, the more accompanied it was likely to be by reductions in the number of employees".

To be told that careless talk costs livelihoods will come as a blow to European labour organisations, which can claim as one of their few victories of recent years the right to consultation by large employers. Its embodiment came in the social chapter of the Maastricht treaty, which Britain's Labour party has pledged to join if elected on May 1.

Although 48 per cent of the UK

businesses surveyed had no formal direct involvement of employee representatives in decision making, they scored better than five other countries on the list.

In the usually consensus-minded Netherlands, 57 per cent gave staff no role.

Management by decree existed most strongly in Portugal, where 76 per cent did not provide information to workers on the strategic course of the business.

When asked whether involvement extended to negotiation or joint decision-making on organisational change, rather than just information or consultation, Den-

mark emerged highest with 45 per cent.

The UK's 18 per cent indicated a regime at least as collegiate as that prevailing in France, on 16 per cent.

More significant than country differences were the overall effects, conference participants maintained. Of companies which consult or negotiate, 57 per cent said they had achieved cost reductions, while only 52 per of those providing no worker involvement felt able to make the claim. The former also had better records on output improvements, quality, and absenteeism.

But while just 21 per cent of the "top-down" employers said they had achieved a reduction in personnel, 36 per cent of the most "open" companies had shed staff. Some at the conference argued that this largely reflected the introduction of modern management systems, where employee participation went hand in hand with rationalisation but did not cause it.

*Direct employee participation in Europe. Epoc Research Group, European Foundation for the Improvement of Living and Working Conditions, Wylatowice Road, Loughlinstown, Co Dublin, Ireland. Free.*

## Lisbon bridge fails to cross cash divide

Peter Wise on tussles behind Europe's longest river crossing

As a feat of civil engineering, the Vasco da Gama bridge built across the Tagus estuary in Lisbon inspires awe. But behind Europe's longest river crossing is a tussle over who is going to pay for it.

The conflict centres on the toll charges for using the 18km road crossing - effectively a debate about whether taxpayers or bridge users pay for the Es180bn (\$1.1bn) investment, which is Europe's biggest private-sector infrastructure project since the Channel tunnel.

The issue, which became politically charged after a violent commuter revolt on a nearby bridge in 1994, is one of a series of problems that have beset Lusoponte, the international consortium which won a build and operate contract for the bridge in April 1994.

The contract involves the transfer of the bridge to government ownership after 33 years.

Environmentalists protests have forced Lusoponte, led by Kvaerner, the Norwegian

engineering group, to invest in a nature reserve to protect black-winged stilts and other rare birds that breed in salt pans beneath the southern entrance to the crossing.

One early difficulty appears to have faded. Bouygues, the French construction company that headed the losing consortium competing for the contract, alleged the concession was unfairly awarded. It did not appeal, though, and the allegations have been denied by Lusoponte and the Portuguese government.

But the toll question, vital to the financing of the project, threatens to persist.

Under terms of the concession contract, Lusoponte plans to charge about Es340 (\$2) for a car. Any less would incur a commercial loss, it says. This is more than twice the price that led angry motorists to blockade the April 25 suspension bridge, 20km downstream. If the Socialist government decides to impose a lower toll to avoid the risk of more protests, it will have to add



The Vasco da Gama bridge: conflict centres on toll charges for using the 18km road crossing

substantially to compensation already paid to the operators.

The stand-off, which has to be resolved before the bridge opens next March, highlights the potential conflict between commercial and political interests in such deals.

"Every time the government tinkers with the toll mechanism, the bridge becomes less a project finance initiative and more a traditional public-sector infrastructure," says a Lusoponte executive.

In June 1994 riot police clashed with hundreds of motorists who blockaded the April 25 bridge for 10 hours at the height of a week of militant protests over an increase in the toll from Es100 to Es150. As a result

the toll on this bridge, also operated by Lusoponte since January 1996, has been frozen at Es150 at least until 1998.

But the two bridges have to be charged the same if the Vasco da Gama crossing is to fulfil its prime purpose of relieving congestion on the April 25 bridge, which is used by more than 140,000 vehicles a day. Few commuters would be attracted to a new bridge that costs more than twice as much to cross.

Lusoponte's contract envisages that the toll on the April 25 bridge should have

risen to at least Es240 by now, climbing to about Es340 on both crossings next March. But two governments have already unilaterally revised the terms twice in less than three years, holding down the toll and paying the consortium Es19.9bn in compensation.

"The project finance aspect of the new bridge is being heavily diluted," says a Lisbon investment banker. "Government payments to the operator are undermining the principle that users rather than general taxpayers pay for the project."

Kvaerner acquired its 24.8 per cent stake in the consortium when it bought Trafalgar House of the UK last year. Campenon Bernard, a French construction company, owns an equal holding, and five Portuguese companies together hold 50.4 per cent.

Most finance for the project remains in the private sector, although 35 per cent of the investment comes from the European Union's cohesion fund.

But government intervention is altering the project risk in ways the financial backers and operators are finding difficult to assess. The only certainty, says one analyst, is that the unknowns in the complex equation are steadily increasing.

## EUROPEAN NEWS DIGEST

## Spanish price rises slowing

Spanish inflation slowed again last month to an annual rate of 2.2 per cent, from 2.5 per cent in February and a full point off the figure at the end of last year. The economy and finance ministry said the figures, the lowest since the 1960s, brought Spain more comfortably within the range needed to qualify for the first group of countries joining the planned single European currency. But it warned that the first quarter's performance was helped by "transitory factors".

Consumer prices rose 0.1 per cent in March after slowing by the same margin in February. Higher cigarette prices were offset by a continued slowdown in food costs, which were just 1 per cent above the level a year earlier. Underlying inflation, omitting volatile food and energy prices, slowed from 2.3 per cent to 2.1 per cent.

The headline rate, well within the government's initial objectives, is the same as the target it aims to reach in 2000 under the "stability plan". It is due to submit to Brussels. The plan, approved by the centre-right cabinet yesterday, aims at average annual growth of 3.2 per cent in the period.

David White, Madrid

## Belgacom cuts data charge

Belgacom, the partly privatised Belgian telephone monopoly, has agreed to slash the prices it charges phone directory publishers for information about subscribers, the European Commission announced yesterday.

The agreement follows a Commission investigation triggered by complaints by ITT Promedia - the Belgian affiliate of ITT World Directories of the US, which publishes both white and yellow pages in competition with Belgacom Directory Services - that Belgacom was overcharging, partly to protect its publishing subsidiary.

The deal means a reduction of more than 90 per cent in Belgacom's initial charges. The Commission stopped in to recommend a tariff structure after the national regulatory authorities to Belgium failed to take a tough enough stand against Belgacom.

Lionel Barber, Brussels

## Serb minister shot dead

A masked gunman yesterday shot dead Serbia's acting interior minister, state media said. General Radovan Stojicic was killed in a central Belgrade restaurant. Police sealed off the area but failed to catch the lone assassin.

General Stojicic had led Serbian paramilitary units during the wars in Croatia and Bosnia, and was regarded as a close ally of President Slobodan Milosevic. Although he was the most senior politician to be murdered to recent years, his death follows a series of unexplained killings in the capital. Some are believed to be linked to criminal gangs.

Guy Dinmore, Belgrade

## Moldova talks breakthrough

Moldova and its separatist Dnestr region have made a breakthrough at talks on improving relations, Euro-Tass news agency said yesterday. It quoted Mr Yevgeny Primakov, Russian foreign minister, as saying months of deadlock had been broken at talks on Thursday night on normalising ties following bloody clashes in 1992 over Dnestr's independence demands.

Reuter, Chisinau

## Greenpeace activists acquitted

A Greek court yesterday acquitted 17 Greenpeace activists who staged a 24-hour blockade of an oil refinery near the Corinth canal to protest over oil pollution. The court in the southern city of Corinth found eight Greek and nine foreign defendants not guilty of trespass or hindering a public service company, charges that carry a five-year prison term. The captain of the Greenpeace ship that helped blockade the Motor Oil refinery in November for four months was sentenced to four months' imprisonment for refusing to obey coastguard orders but was released pending an appeal.

The activists took over the refinery's port to protest against a spill at its docking facilities in August. They were removed by coastguard commandos, who cut through chains pinning them to mooring buoys and loading cranes.

Reuter, Athens

■ A strike by Italian petrol pump attendants next week will be cut from three days to 24 hours in a sign of goodwill, the union said yesterday. The strike, which is scheduled to start on Tuesday evening, is over a pay by the state-owned oil company Eni to give discounts to motorists who fill their own tanks, with services stations covering part of the discount.

Reuter, Rome

■ Russian President Boris Yeltsin yesterday dismissed four senior military commanders, including General Vladimir Semenov, the head of Russia's land forces who had already been suspended and accused of "actions incompatible with his post". No reason was given for the sackings.

Reuter, Moscow

■ Turkey will spend at least \$1bn to buy military equipment over the next 10 years, Mr Turhan Tayan, defence minister, said. The plan includes buying 108 helicopters, early warning aircraft, advanced missiles and radar systems, tanks and five frigates.

AFX, Ankara

■ The Bank of Italy has named Mr Antonio Finocchiaro, its secretary-general, as deputy director-general to replace Mr Tommaso Padoa-Schioppa, who left the bank to become chairman of Consob, the stock exchange watchdog.

AFX, Rome

■ French consumer prices climbed a provisional 0.1 per cent in March after a 0.2 per cent rise in February, the statistics office said. The finance ministry attributed the slowdown to sharp falls to fresh produce prices due to exceptionally warm weather.

AFX, Paris

■ Swedish unemployment to March amounted to 8.4 per cent of the workforce, down from 8.8 per cent in February.

AFX, Stockholm

■ Finland had a trade surplus of Fm3.8bn (\$788m) in January, the government said, revising its preliminary calculation of a Fm4bn surplus.

AFX, Helsinki

### WEEKEND BUSINESS

#### LEGAL NOTICES

No. 0089 of 1997  
IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT  
IN THE MATTER OF HENDERSON  
HIGHLAND TRUST PLC  
AND  
IN THE MATTER OF THE  
COMPANIES ACT 1985  
NOTICE IS HEREBY given that a Petition was on the 21st March 1997 presented to Her Majesty's High Court of Justice for (A) the sanctioning of a Scheme of Arrangement; and (B) the confirmation of the Reduction of the Capital of the above-named Company by cancelling shares of the said Company in accordance with the terms of the said Scheme of Arrangement.  
AND NOTICE IS FURTHER given that the said Petition is directed to be heard before the Companies Judge at the Royal Courts of Justice, Strand, London, W.C.2A, 21A, on Monday 21st April 1997.  
Any creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said Reduction of Capital should appear at the time of hearing to person or by Counsel for that purpose.  
A copy of the said Petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same.  
DATED the 10th day of April 1997  
Slaughter and May (M0404)  
35 Broadgate Street  
London EC2M 2QS  
Tel: 0171 660 1200

#### BUSINESSES FOR SALE

**BUSINESS FOR SALE**  
Interior refurbishment and construction company available for sale with first class customer base and reputation.  
The directors are willing to assist the purchaser in a smooth changeover.  
Turnover circa £2 million. Suitable for company with similar interest.  
**SALE PRICE £300,000**  
Write for further details to:  
O J Barwick & Co.  
Chartered Accountants  
609 Rensfield Road  
Macclesfield  
Cheshire SK10 1SD

#### TELECOMMUNICATIONS

**SAVE ON INTERNATIONAL PHONE CALLS**  
• Digital Switching  
• Optic Lines  
• ATAT and Other Networks  
• Use from Home, Office, Hotels, Cell Phones  
• 24 Hour Customer Service  
Call now for New Low Rates!  
**Tel: 1.206.284.8600**  
**Fax: 1.206.270.0009**  
Three open 24 hours  
**kallback**

#### APPOINTMENTS

**MARKETER**  
A leading international financial services company requires an experienced Marketer to undertake responsibility for increasing its derivatives marketing capabilities to U.K. clients by focusing on counter party relationships, development of a client base and research capability. In addition the incumbent will be expected to recruit, train, and develop a team of professionals to market the company's derivative products as the U.K. business expands.  
Salary negotiable. Applicants aged 25-30, educated to degree standard with 4-5 years' relevant experience gained in the financial sector, including specific concentration on proprietary trading in high yield, should write enclosing full curriculum vitae, to Box A3397, Financial Times, One Southwark Bridge, London SE1 9HL.

#### HOME & OFFICE SOFTWARE

##### MARKET CDROM V.1

100+ technical analysis packages including over 40 running including: Wulsi AnalysisSE, TradingEdgeRT, StableCharts, OEXBuySell, simulators, Teletext Charting, 20+ Loan/Portfolio programmes plus 40 other demos. RiskMetrics, 15 yrs. LIFE option/futures data, 10 yrs. FTSE stocks & much more. Just £34.50  
**INCREDIBLE VALUE!**  
Also, real-time futures & forex for just £29/month  
0161 730 1860 inc weekends

##### UNIVERSAL BERNI ADD-IN TOOLKITS

Portfolio Sensitivity Analysis  
Global Sensitivity Analysis  
Multi Asset Monte Carlo Analysis  
MBRM provides the most widely used analytical tools, financial calculations, advanced derivative portfolio analysis, source code, consultancy and risk management training. Fully integrated with Microsoft Excel, Word and PowerPoint.  
Financial Services Software (FSS) Ltd  
Established 1988 - 10,000 users globally  
Woodford Green, Essex  
London EC2N 2AY  
Tel: +44 171-628 2207  
Fax: +44 171-628 2096  
Email: fss@fss.com

##### PRIVATE INVESTORS

Infotrade gives you access to:  
Portfolio management  
3 year historical data  
Real time prices  
AFX real time news  
FT headlines and articles  
Company reports  
On-line share dealing  
Plus personal finance  
Plus Internet and e-mail  
Discover the benefits of Infotrade.  
Call 0800 226600 or 0121 717 3804 to request your free CD copy of Infotrade software.  
Infotrade Ltd is regulated by the Securities and Futures Authority

#### TECHNICAL ANALYSIS

**SOFTWARE FROM INDEXIA**  
**REAL-TIME & END-OF-DAY**  
Three powerful Real-time & End-of-Day Technical Analysis systems to choose from:  
• Real-time using ProReal, ProMarketEye, Reuters, DSG Signal, BS, CEFAR & Skyline  
• End-of-day using a variety of OOHV data feeds - ESI, Clifford, StockData, CIS  
INDEXIA Research, 121 High Street, Bournemouth BH4 2DA, UK  
Tel: 01428 878018 Fax: 01428 878084  
web: http://www.indexia.co.uk

#### FINALLY: REAL-TIME DATA YOU CAN AFFORD. STOCKS, CURRENCIES, BONDS, DERIVATIVES AND NEWS

Infotrade provides global real-time financial data direct to your PC at the lowest possible cost. Our Windows platform facilitates seamless interfacing with other Windows applications.  
Available across Europe  
Find us at [www.infotrade.co.uk](http://www.infotrade.co.uk)  
Call Tardis on +44 (0) 171 405 4541

## EBRD facing calls for funds

By Anthony Robinson, East Europe Editor

Governments, banks and companies from 26 former communist countries will make their pitch for more funds and higher investment this weekend as the annual meeting of the European Bank for Reconstruction and Development gets under way in London.

The bank was set up in 1991 to facilitate the transition to capitalism. This year's meeting comes at what the latest EBRD transition report describes as "a turning point from post-socialist decline to recovery" - although the spectrum ranges from virtual anarchy in Albania to signs of the long-promised turnaround in Russia with its 168m people and \$440bn economy.

The EBRD notes that "macro-economic stability" is the pre-condition for recovery throughout the region. But discussion over the next four days will focus on ways of sustaining that stability through greater transparency and a stronger legal and regulatory framework.

So far only the "fast-track" central European and Baltic states have laid the ground-

work for sustainable growth of 4-6 per cent annually.

Growth at these rates is needed to narrow the gap between east and western Europe.

But this requires steady productivity gains, which to turn hinge on progress to a range of areas. These include privatisation, enterprise restructuring, market liberalisation, bank reform and general strengthening of the financial sector.

Progress in all these areas will be under review. Hungary, which has achieved a remarkable turnaround after two years of rapid privatisation and export-led growth at the expense of living standards, leads the productivity pack with five years of double digit labour productivity gains fuelled by nearly \$15bn of foreign investment.

This is the highest in the region, although Poland is catching up fast after a slow start.

Hungary's belt-tightening at home and export drive contributed to a 40 per cent drop in net foreign debt to \$12bn from more than \$60bn two years ago, when the country faced a Mexican-style debt crisis.

## Italians begin Albania mission

By Robert Graham in Rome

Advance units of the Italian-led multinational military mission to ensure distribution of humanitarian aid in Albania began securing Tirana airport yesterday.

Italian transport aircraft began flying at dawn into Tirana from Pisa, accompanied by special forces units. The operation lasted throughout the day and proceeded without reported incident.

The Italian navy began preparations at the Albanian port of Durres for next week's arrival of the bulk of the 6,000-strong force from eight European nations.

The mission has been endorsed by the United Nations. But there are clear divisions within the EU over how to restore normality to the troubled Balkan state.

Britain and Germany have declined to send troops. Apart from Italy's 2,500 troops, the main contingents will be from France and Spain.

It is the first time Italy has led such a force.

## Netherlands plans summit soon after British elections

# Move to break EU deadlock

By Lionel Barber in Brussels

The Netherlands was last night set to announce a special European Union summit in Maastricht on May 23, three weeks after the British general elections on May 1. The move is intended to break the deadlock over talks on the EU's future and puts the next British government - Labour or Conservative - on the spot.

However, other EU countries which have been hiding behind the present British Conservative government's hardline stand in the inter-governmental conference (IGC) will also be forced to reveal their hand, senior diplomats said.

EU leaders have pledged to try to wrap up the IGC at a summit in Amsterdam to keep on track preparations for the planned launch of the single currency and enlargement of the EU to central and eastern Europe. The Dutch presidency has long signalled it is interested in holding a special EU summit in May in the hope that the next British government will be better placed to break the deadlock over issues such as majority voting.

The idea crystallised on Monday at a meeting of EU foreign ministers in Noordwijk which exposed deep divisions between small and large states over plans to streamline the EU's institutions and decision-making ahead of enlargement.

The argument over the future size of the Commission and the reweighting of votes in the decision-making Council of Ministers showed that institutional reform remains the most sensitive issue in the IGC.

The opposition UK Labour party was initially opposed to a special summit in May, or at least an announcement from the Dutch presidency at this early stage in the British election campaign.

Their fears were borne out this week when the Conservative government accused EU leaders of arranging a summit in the hope of "softening" up Labour and securing concessions on social and employment policy in a Maastricht 2 treaty. Mr

David Davis, minister for European affairs, said: "Europe is preparing a tailor-made, sell-out summit for new Labour."

The Labour party has pledged, were it to win the election, to sign up to the social chapter in the new treaty - a move which the 14 other member states would welcome. But the party shares the Conservatives' opposition to ceding control over UK borders.

An incoming Labour government would also share many of the present government's positions on EU institutional reform, and would oppose the Franco-German plan to merge the EU with its fledgling defence arm, the Western European Union.

**FINANCIAL TIMES**  
Published by The Financial Times (Europe) GmbH, Niederwallstrasse 1, 50318 Frankfurt am Main, Germany. Telephone: +49 (0) 69 15 15 151. Fax: +49 (0) 69 15 15 152. Registered in Frankfurt by J. Walter Brand, Wilhelmstrasse 10, 50317 Köln. A. Knaum is Co-Editor and Editor in Chief. Editor: Richard Lambert, 1571 Rue de la Loi, 1049 Brussels. Deputy Editor: Richard Lambert, 1571 Rue de la Loi, 1049 Brussels. Publisher: Director P. Hargrave, 42 Rue de la Loi, 1049 Brussels. Telephone: (01) 576 6254. Fax: (01) 576 6255. Printer: S.A. Knaum, 1571 Rue de la Loi, 1049 Brussels. Telephone: (01) 576 6254. Fax: (01) 576 6255. Distribution: The Financial Times (Europe) GmbH is a member of the European Pressphoto Agency. Telephone: (01) 576 6254. Fax: (01) 576 6255. Circulation: 1,000,000 copies per week. Registered office: 1571 Rue de la Loi, 1049 Brussels. Telephone: (01) 576 6254. Fax: (01) 576 6255.



# The bell tolls for Hemingway heritage

Pascal Fletcher on how conservationists have hijacked the writer's celebration of big game fishing and men's hunter-killer instincts

Nature lovers are finally catching up with the late US writer and adventurer Ernest Hemingway, whose 1952 classic "The Old Man and the Sea" is an inspiration for big game fishermen. The Pulitzer Prize-winning novel relates an old fisherman's solitary battle to hook and harpoon a great blue marlin off Cuba. Like Mr Hemingway's other famous novels about bull-fighting and big game hunting, it is an unashamed celebration of man's hunter-killer instincts. But purists among Hemingway's followers will be disappointed to learn that moves to take the blood out of the sport of big game fishing have now spread to Cuba, where the Nobel Laureate author lived, wrote and fished for 23 years, and is a local legend.

Organisers of Havana's annual Ernest Hemingway International Billfish Fishing Tournament, started by the writer himself in 1960, are planning a new no-kill rule for this year's event, to be held on May 19-24.

The blue marlin, swordfish and other billfish hooked during the event, instead of being harpooned or clubbed to death and then strung up later alongside their proud captors for the obligatory photograph, will be weighed, measured and tagged on each boat and then released alive back to the depths.

"The idea is to try to preserve the species," said Mr Juan Manuel de la Nuez of the tournament's organising committee. He added the "tag and release" practice, part of a growing worldwide trend towards the protection

of animal and fish species, was increasingly being adopted in big game fishing contests.

About 40 teams have initially registered for this year's 47th Ernest Hemingway tournament, based at the Marina Hemingway in western Havana. Besides local crews, competitors in past years have come from Mexico, Spain, Italy, the Caribbean and even the US. In spite of the US economic embargo against Cuba which restricts travel by US citizens to the communist-ruled island, expecting last-minute withdrawals, organisers predict the final number of participants could be around 25 boats and crews.

While the future of this annual dollar-earning tourist attraction seems guaranteed, Cuban authorities have been less charitable towards the

self-employed local fishermen who used to push off each day from Havana's Malecon waterfront in a small flotilla of makeshift rafts and inflated inner tubes.

These inner-tube anglers were put out of business in March by new harbourmaster regulations that required them to obtain certificates of seaworthiness for their flimsy craft. The bureaucratic measure eradicated one source of fresh fish for dinner tables and private restaurants in Havana.

Hemingway would have mourned their disappearance. The occasional sight of one of these ragged local fishermen trudging wearily home against a blood-red sunset with a big swordfish draped over his shoulders seemed to come straight out of the pages of "The Old Man and the Sea".



Hemingway with an 800-pound swordfish caught during the filming of *The Old Man and the Sea*

# US applauds European stand on Iran

By Bruce Clark in Washington

The Clinton administration yesterday welcomed its European allies' swift reaction to a German court decision which found Iran's leadership responsible for a multiple killing in Berlin.

"The European Union and the German government have responded appropriately," said Mr Michael McCurry, White House spokesman. He was referring to the expulsion of four Iranian diplomats from Germany and the suspension of the EU's "critical dialogue" with Iran.

Mr McCurry said the court's judgment on the September 1992 killing of four Iranian Kurds was a vindication of US policy, which treats Iran as a pariah state and urges other nations to do the same.

Senator Alfonse D'Amato, sponsor of controversial US legislation that would penalise other countries for doing business with Iran, said the verdict provided "proof of what I have said all along... that Iran is the foremost sponsor of international terrorism".

However, the latest European moves, which are expected to ease transatlantic tensions, coincide with a sharpening of the debate in Washington as to how Tehran should be treated.

While the Pentagon has issued strident warnings about Iran and urged pro-western Gulf states to maintain their defences, some veterans of US foreign policy are urging a more flexible line.

At least two influential US think-tanks are understood to be working on papers urging the administration to explore the possibility of better relations with Tehran.

Without changing the substance of US policy, Mrs Madeleine Albright, secretary of state, has placed particular emphasis on isolating Iran, and made fewer attacks on Iran than did her predecessor, Mr Warren Christopher.

The tension between Iran and the EU caused crude oil prices to rally in early trading yesterday. At one stage the price of Brent Blend for May delivery, the international benchmark, rose by 27 cents to \$18.20 a barrel before falling back in late trading to around \$17.83.

Traders said there was no immediate threat of supply disruption from Iran, the

world's third largest oil exporter. But there were fears the German court's verdict might cause some European countries to support unilateral US sanctions aimed at restricting much-needed foreign investment in Iran's offshore oil and gas industry.

European oil companies did not appear overly perturbed at the course of events, saying it was too early to tell whether the diplomatic dispute would pose an impediment to future investments. Only Total, the French company, has so far made a direct investment in Iran's oil sector.

An Iranian resistance group yesterday urged European countries to cut off diplomatic and economic ties with Tehran following the verdict.

Mr Mohammad Mohammadsin, chairman of the foreign affairs committee of the National Council of Resistance of Iran, said in Bonn that the EU's response to the judgment had been too weak and would encourage Iran to

Only Total of France has so far invested directly in Iran's oil sector

continue state-sponsored terrorism.

Meanwhile, the federation of German chambers of industry and commerce (DIHT) said companies conducting business with Iran should continue to do so. However, the DIHT acknowledged that, in the short term, the court verdict could have a negative effect on business.

In expectation of heightened risks for their staff in Iran, many of the 170 or so German companies doing business there are believed to have stepped up security operations. Siemens and Mannesmann, two engineering companies with long-standing business interests in Iran, were reluctant to comment on the verdict.

Germany exported DM2.2bn (\$1.2bn) worth of goods to Iran between January and November last year, a marked fall from DM8bn in 1992. Tehran's commercial debts with Germany last year stood at DM12.9bn.

Additional reporting by Robert Corzine, Peter Norman and Frederick Stedemann.

# UN outraged by parking ticket row

By Michael Littlejohns, UN Correspondent in New York

Mr Rudolph Giuliani, New York's outspokenly acerbic mayor, is up for re-election this year and he knows that few American politicians ever lost votes by denigrating the United Nations.

With considerable fanfare, he announced last month that from April 1 diplomats who rode roughshod over parking regulations would lose their special licences, forcing them to obey parking rules or be liable for a parking fine.

Last year, they totted up more than 134,281 unpaid parking tickets - with Russia, the worst offender, accounting for 31,000.

The row has brought New York's love-hate relationship with the United Nations to a new low.

Late on Thursday, the UN committee on host country relations decided to submit the parking problem for consideration "as a matter of urgency" by the full UN General Assembly.

That 185-nation body is now preparing to discuss what many might consider the more pressing issue of the near breakdown of the Middle East peace process.

No matter, New York's alleged contravening of diplomatic protocols was even considered serious enough to raise, if necessary, at the World Court.

What proved the clincher for the committee - which voted 15:1 (with the US against and Britain abstaining) - was a report by a frantic Moscow delegate that while members talked, the police were towing away a Russian mission schoolbus.

It transpired that the vehicle was double parked and the police relented after hour-long negotiations with the driver, who finally agreed to pay a fine.

The row led Mr Hubert Legal, the French delegate, to suggest that both Geneva and Vienna, cities with a large UN presence, were infinitely more hospitable.

Mr Giuliani retorted if the organisation wished to move, this was fine with him

as the vacated headquarters would be a real estate bonanza. He avoided mentioning the loss of thousands of jobs and an estimated \$3.2bn a year that the UN community contributes to the local economy.

The UN legal counsel, Mr Hans Corell, subsequently ruled that removal of diplomatic immunity for parking offences would contravene the Vienna convention. The US State Department, now headed by the former UN delegate Mrs Madeleine Albright, at first stood firm, citing the salutary effects of similar draconian measures in Washington.

But since Mr Corell's ruling Mrs Albright has indicated a willingness to back down.

Mr Kofi Annan, the UN secretary general, who weeks ago invited the mayor to stop by and get acquainted but has yet to receive his acceptance, is alarmed by the furor. He fears it can only harm further the tarnished UN image among Americans and make it even harder to collect \$1bn in US arrears.

Meanwhile, many New Yorkers are angry with their mayor who in a small gesture quietly increased by more than 100 the number of special parking spaces reserved for diplomats in the city. He has since threatened to withdraw these if the State Department reneges on its pledge.

Mr Melvyn Kaufman, a prominent real estate developer, may have spoken for all New Yorkers when he exclaimed: "Why do these diplomats need free parking? They are not priests giving last rites or doctors saving dying people."

Mr Bill Richardson, the US delegate, believes that diplomats can perfectly well use public transport. France's Mr Legal rejected any such notion, calling the subway dirty, buses unpunctual and taxis dilapidated.

Mr Annan, meanwhile, who yesterday marked his first 100 days in office, has never had a parking ticket. In his 34 years in New York, he has never owned a car.

# Farm town takes a calm view as Bre-X gold fever subsides

By Scott Morrison in Vancouver

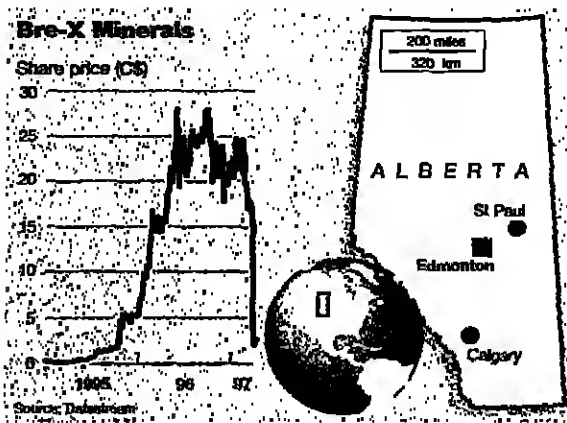
A cloud of uncertainty has descended on the small Canadian farming community of St. Paul, Alberta, home to what is perhaps the highest concentration of Bre-X Minerals investors in the world.

As many as 100 people in the town of 5,000 invested in Bre-X, the controversial Canadian company that claims to have found one of the world's richest gold deposits in a remote corner of Indonesia.

The town buzzed with excitement every time Bre-X increased its gold estimate, eventually reaching 71m ounces. Some residents mortgaged their homes and invested retirement savings to ride the Bre-X wave. At least five or six local investors became millionaires, by some accounts, and others netted hundreds of thousands of dollars in profits.

"Word spread like wild fire in a small community. In a matter of days everyone in town had probably heard of Bre-X," says Mr Guy Drouin, the only stockbroker in St. Paul, 200km north-east of Edmonton.

The excitement turned to shock and disappointment in



March when Bre-X's partner, Freeport-McMullan Copper & Gold, announced that preliminary tests at the Indonesian site revealed "insignificant" amounts of gold. Panicked investors dumped Bre-X shares in an hour of frenzied trading that saw the company's stock value plunge by 85 per cent.

"There's definitely some disillusionment [in town] and there's a sense of betrayal generally among Bre-X shareholders," says Mr Drouin, of RBC Dominion Securities.

Most St. Paul investors, excited by - yet wary of - Bre-X's soaring share price, are believed to have sold a majority of the company's

stock before the controversy began. Local bankers and credit union officials say they are not aware of any bankruptcy filings or home repossessions in the wake of the crash.

Townfolk insist the affair has not changed St. Paul, a traditional community with strong rural roots and a politically conservative populace. But rumours circulate in town that a handful of residents were devastated by the crash and many, like restaurateur Marcus Phillips, acknowledge they held on to an undisclosed number of shares.

"People are frustrated and anxious to know what's going on," says Mr Phillips,

who also cashed in on the gold fever by offering Bre-X burgers at his restaurant.

Mr Robert Porzmi is taking a philosophical view of the controversy. Another early Bre-X investor who sold most of his holdings before the crash, Mr Porzmi still owns an undisclosed number of shares, refusing to believe reports about the deposit.

"If there's nothing there, maybe I can hang the [stock certificates] on the wall as a reminder, but I still feel there is going to be something there," he says.

St. Paul investors remain suspicious of the controversy. Like Mr Porzmi, few believe Bre-X sited samples to mislead shareholders. Many point out that geological anomalies might be responsible for the discrepancies.

Talk of Bre-X has been subdued in St. Paul since the shock of the crash sunk in. Hot tips and occasional loud boasts have turned to whispers, but residents are trying to remain hopeful that additional test results at the end of the month will confirm what they believe.

Mr Phillips' restaurant is still offering a Bre-X burger, although it is advertised at a substantially lower price.

# Why Netanyahu and Arafat need each other

The two leaders are tied together in the Oslo accord straitjacket, writes Judy Dempsey

Hartzufim, an Israeli settler television series in which politicians are mercilessly mocked, recently ran a sketch few viewers will forget. It showed Mr Benjamin Netanyahu, the Israeli prime minister, and Mr Yasser Arafat, the Palestinian leader, sharing a bed which was supposed to symbolise the peace process.

The sketch was remarkable in that it showed how Mr Arafat had become accepted by Israelis, particularly since only a few years ago no radio or television station would even refer to the Palestinians and it was illegal for Israelis to meet members of the Palestine Liberation Organisation.

It also showed how, despite all the vicissitudes of the peace process, both leaders need each other, even

more so following the wave of unrest in the West Bank after Mr Netanyahu's decision to build a new Jewish settlement at Har Homa in Arab east Jerusalem. The question is who needs whom most.

The Oslo peace accords made any Israeli leader dependent on Mr Arafat and vice versa, since the accords are designed not merely to create confidence and trust. They are also about mutual security, requiring both sides to fulfil certain conditions leading eventually - whether Mr Netanyahu accepts it or not - to the creation of a Palestinian state. Above all the accords are a straitjacket for both leaders.

"It is the irreversibility of those accords which Netanyahu is only now realising," said Mr Meron Benvenisti, an historian and former deputy mayor of Jerusalem. "But he does not understand that Oslo also means both sides have to manage the conflict together."

For all his criticism of Mr Arafat in recent weeks, accusing him of giving a green light for terrorist attacks against Israeli targets, Mr Netanyahu has become increasingly reliant on the Palestinian leader to combat terrorism.

On Thursday night, he said Mr Arafat had co-operated in uncovering an underground cell run by Hamas, the militant Islamic movement, implying that since Israel's withdrawal from parts of the occupied West Bank, it needs the Palestinians more than ever for the exchange of information on security. Israel cannot man-

age alone.

But if Mr Netanyahu is reluctant to admit his dependence on Mr Arafat, Mr Arafat is just as dependent on the Israeli leader. "The Palestinians have a second chance to have a state, having lost it in 1948," said Mr Benvenisti. "It is rare to have a second chance. Arafat cannot blow it now."

However, according to analysts, Mr Netanyahu will do everything possible to reduce the geographical size of that state, believing he can push the Palestinians into a small space or homeland.

"That is one of the reasons why he wants to rush forward to the final status talks, bypassing the Oslo interim agreement," said Mr Shmuel Sandler, a political scientist at the Bar Ilan Uni-

versity in Tel Aviv. But Mr Arafat will resist - on the streets - to prevent this happening, and to save Oslo.

The Israelis recognise the street is Mr Arafat's strongest card. It was the lessons of the intifada - the Palestinian uprising - that showed that the coercive powers of the Israeli state could not break the will of the Palestinians. This led the late Mr Yitzhak Rabin to realise the conflict could not be managed without a partner.

"Israel has understood the limitations of its power after the intifada," said Mr Benvenisti. "Netanyahu still has the coercive powers and Arafat has the power of the weak. But neither will emerge as victor with these weapons, which is the underlying point of Oslo."

In recent weeks, each side has used the weakness of the other's position to promote his own interests in what has evolved into a reverse co-operation. "But I still believe that there is no alternative to Oslo," said Mr Martin Kramer, director at the Moshe Dayan Centre think-tank at Tel Aviv University.

Mr Dennis Ross, the US special Middle East envoy, who has invested so much energy into Israeli-Palestinian conflict, is due to return to the region in a bid to break the impasse. "The Oslo process is the only one available," a senior diplomat said. "I don't believe the US is prepared to undo the straitjacket. Netanyahu, whether he likes it or not, has no other partner except Arafat - whose state beckons."

# Fax not fiction.

The Nokia 9000 Communicator. A phone, fax, Web browser, E-Mail terminal, SMS message device and personal organiser in one.

At selected outlets of Dixons, Dixons Tax Free, John Lewis Partnership, PC World, Peoples Phone, Talford, The Carphone Warehouse, The Unit and all good independent retailers and computer dealers.



NOKIA  
CONNECTING PEOPLE



## NEWS: INTERNATIONAL

# US sales see strong quarter

By Nancy Dunne  
in Washington

US retail sales edged up only 0.2 per cent in March, but an upward revision in data for January and February suggested continuing inflationary pressures in the economy and added to speculation of additional tightening by the US Federal Reserve.

The slow growth in retail sales - depressed by a 6 per cent slide in the car sector - was less than expected by Wall Street. But the upward revision of both January and February's figures by the Labor Department gave a year-on-year rise of 13 per cent for the first quarter - growth at least as strong as in any quarter in the last 20 years.

The strength in consumer spending was "even more apparent now" than when the Federal Reserve raised interest rates by a quarter of a percentage point in March, said Mr Christopher Low of the HSBC Group, an international banking and financial services organisation. "The probability" of a May rate rise had increased, he said.

The wholesale price data, also released by the government yesterday, were more ambiguous. The producer price index fell, but by only

0.1 per cent, compared with a 0.4 per cent fall in February and a 0.3 per cent drop in January. It was the first time the index fell three months in a row since 1988.

Energy costs fell 3.4 per cent during the month, the largest decline since March 1991. The price of consumer goods fell by 0.2 per cent. Food prices rose 0.9 per cent, led by a jump in vegetable prices.

Some analysts were alarmed by an 0.4 per cent increase in so-called "core" prices, which excludes volatile energy and food components.

But Morgan Stanley, in its Economic Data Bulletin, saw the report only "a bit worse than expected" - the core rise was attributable to "out-sized" increase in aircraft and tobacco prices, and prices otherwise "were relatively benign".

The bulletin noted that increases in waste paper, aluminium, copper and cattle hides were mostly responsible for the rise in the cost of crude materials, and that these prices had started to turn sharply down recently.

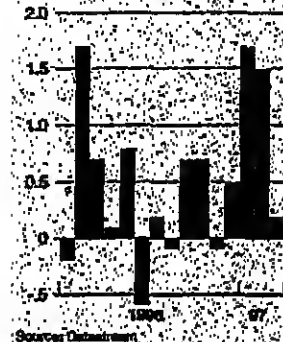
Most economists yesterday were predicting further increases by the Fed. "Two uglier economic reports could hardly be imagined," said Mr Bruce Steinberg of Merrill Lynch.

The retail sales report was "troubling," he said, because both durable and non-durable spending were very strong in the first quarter. However, warm winter weather and early tax refunds shifted spending into the first quarter, and he expected much smaller spending gains in the second.

Despite this he expected a 25 basis point move at the May 20 meeting of the Fed and would not rule out a 50 basis point rise.

## US retail sales

Month on month % change



Source: Department of Commerce



Nguyen Danh Sinh and Nguyen Viet Chao (above) leap over the ditch where they caught Douglas 'Pete' Peterson (right) after he had been shot down in northern Vietnam. Mr Peterson has been named as US ambassador to Hanoi

## US ENVOY SEALS HANOI LINKS

Vietnam yesterday welcomed the appointment of the first US ambassador to Hanoi, saying it signalled the American people's desire for a new relationship 23 years after the end of the Vietnam war. Jeremy Grant reports from Hanoi.

The long-delayed confirmation of former congressman Douglas "Pete" Peterson was confirmed by the Senate in Washington on Thursday.

"I think this is a great step. It should be considered as an impetus for better relations in many other fields," said Mr

Le Van Bang, Vietnam's ambassador designate to Washington.

Mr Peterson spent more than three years behind bars in the "Hanoi Hilton" prison after being shot down in a bombing raid over northern Vietnam. He is expected to return to the Vietnamese capital and take up residence within two weeks.

The US and Vietnam established diplomatic relations in 1995 but progress on cementing economic ties - notably a trade agreement and a commercial aviation deal - has been

slow. Domestic political resistance among some in the US Congress to closer relations has been as much to blame as suspicion within the communist leadership over US motives for wanting closer ties.

However, a visit to Vietnam by the US Treasury secretary, Mr Robert Rubin, this week appeared to advance the process another step. While in Hanoi, Mr Rubin signed an agreement that committed Vietnam to paying back \$145m in wartime debts owed to the US by the former South Vietnam.

## S Koreans enter civil aircraft industry in deal with AIR

By John Burton in Seoul

South Korea yesterday made its latest attempt to enter the civil aircraft industry by signing a memorandum of understanding with Aero International Regional (AIR) on the development of a 70-seat jet.

The agreement could end a frustrating quest by South Korea for a joint venture partner that would provide aircraft technology. A partnership with Aviation Indus-

tries of China collapsed last year, while a proposed takeover of the Dutch aircraft maker Fokker failed for financial reasons.

South Korea hopes to acquire a 30-40 per cent stake in AIR's \$1.2bn Airjet 70 project once a formal contract is signed, possibly in July. AIR, a commuter aircraft consortium consisting of France's Aerospatiale, British Aerospace and Italy's Alenia, also plans to make 58-seat and 94-seat versions

of the aircraft at its main plant in Toulouse, France.

South Korea is expected to help build the fuselage for the Airjet 70, while it has been promised its own final assembly line for the aircraft once sales exceed 370-400 units. It will have Asian marketing rights for the aircraft, which is expected to be launched in 2001.

However, several issues still need to be resolved, including technology transfers and royalty payments.

Moreover, the formation of the South Korean aerospace group that will participate in the manufacturing of the Airjet 70 has been delayed by disputes over equity stakes in the consortium. Officials hope the South Korean consortium will be established by July.

Korea Aerospace Industries is expected to include Samsung Aerospace, Korean Air, Daewoo Heavy Industries and Hyundai Space and Aircraft, along with government participation.

The South Korean govern-

ment has been pushing strongly for a civil aircraft project to replace its assembly of F-16 fighters, which is due to end in 1999. Otherwise, the aerospace labour force and production facilities would become idle.

South Korea has also been holding talks with Airbus on the development of its super-jumbo passenger jet, with the possibility of acquiring an equity stake of 5-10 per cent in the project.

AIR has the largest share of the global market for regional aircraft with 28 per cent and sales of \$1.4bn in 1995. Asia is expected to become the biggest market for the regional aircraft over the next two decades because of the rapid expansion of air routes.

AIR plans to capture 40 per cent of the global market for commuter aircraft by 2020 with sales of 1,000 aircraft. But it will face tough competition in the Asian market from China and Indonesia, which are also developing regional jetliners.

## INTERNATIONAL NEWS DIGEST

### Clinton veto plan blocked

The White House yesterday voiced disappointment after a judge struck down a law giving the president greater flexibility to veto expenditure. The so-called line-item veto has enjoyed support from both President Bill Clinton and leading Republicans.

Both sides saw the veto, which entitled the president to strike out particular items from a bill which had passed into law, as a useful instrument in their efforts to negotiate a balanced budget. However, a federal district court said the veto violated the separation of powers laid down by the constitution. The White House is considering an appeal. The veto would give the president greater freedom of action in eliminating spending or tax exemptions tagged on to major bills by special interest groups.

"We're disappointed and we're studying the opinion," said Mr Michael McCurry, White House spokesman, who added that Mr Clinton had intended to use the veto to protect taxpayers' interests. *Bruce Clark, Washington*

### NTT must cut cellphone stake

NTT, Japan's leading telecoms operator, has been ordered to reduce its stake in NTT Docomo, its cellular phone subsidiary, in order to promote fairer competition with rival cellular phone operators. *The Fair Trade Commission says NTT should reduce its 95 per cent stake when NTT Docomo is listed on the stock exchange. NTT said yesterday it would not cut its stake to below 60 per cent. The commission said NTT's virtual monopoly over the local telecoms network gave NTT Docomo an unfair advantage.*

*Michiko Nakamoto, Tokyo*

### Thailand increases bond issue

Thailand was able to increase its Yankee bond issue to \$600m from an expected \$500m but was forced to scrap an expected 30 year tranche of the bonds as investors balked at pledging long-term funds to the kingdom, underwriters and bankers close to the deal said yesterday.

The 10-year Yankee bonds will have a coupon of 7.75 per cent at a spread of 90 basis points over US treasury bonds. That compares favourably with the 155 basis point spread that Bangkok Bank, the country's largest commercial bank, paid for its \$300m Yankee bond in January, bankers said, but was higher than the 75-80 basis point spread that underwriters had originally sought.

Bankers said there was demand for the 30-year bonds but at a price that was deemed unacceptable by Thai authorities. *Ted Bardackis, Bangkok*

### Japanese seek iron ore stake

A group of Japanese companies has formed a consortium to bid for a stake in Companhia Vale do Rio Doce, the state-owned Brazilian mining company and the world's largest iron ore producer. The consortium comprises seven leading steelmakers including Nippon Steel and NKK, and five trading houses including Mitsubishi and Sanwa Iwai. It is aiming to acquire at least 10 per cent of Rio Doce shares for an estimated ¥30bn to ¥40bn (\$236m to \$315m).

Analysts believe that the move reflects Japan's concerns about excessive reliance on Australia as a source of iron ore, amid growing domestic demand for steel. Australia at present supplies more than 50 per cent of Japan's iron ore needs. Rio Doce produces about 20 per cent. *Gwen Robinson, Tokyo*

### Canberra cuts defence staff

Australia yesterday announced a big reorganisation of its defence forces, which it claims could save \$1.1bn (US\$770m) a year, about 10 per cent of the defence budget. About 3,100 civilian jobs would go, notably in Canberra.

About 4,700 military positions will also be cut from administration and support areas, although at least half of these will be redeployed in combat and combat support roles. The changes stem from an efficiency review, and focus on defence administration and support areas rather than troop numbers.

The savings will be used to boost spending on Australia's military capability. *Nikki Tait, Sydney*

## Net gain.

FINANCIAL TIMES

## UK ELECTION '97

From the hustings to the House, our Internet site, FT.com, not only keeps you posted on the unfolding campaign - it gets you involved.

Talk through the key election issues in one of our seven discussion groups.

Add your vote to our weekly Straw Poll.

Use our Net Resources to get directly to the parties and politicians.

Then read our authoritative comment and analysis for what will really count when you come to mark your cross on May 1.

<http://www.FT.com>

Financial Times.  
World Business Newspaper.

## Savimbi spurns swearing-in of Angola 'unity' government

Rebel Unita movement retains control of interior and diamond wealth while MPLA dominates new government in Luanda

Angola's rebel Unita movement yesterday joined the ruling MPLA party in a power-sharing government of national unity - after 19 years of civil war, three years of "peace" and months of wrangling over the unity government.

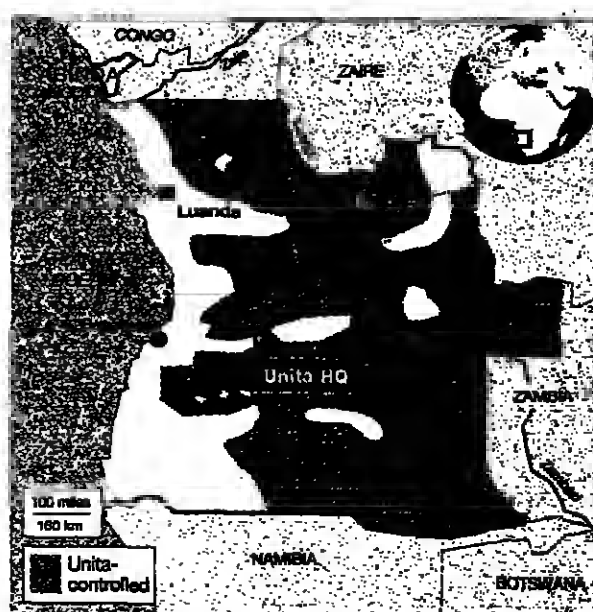
Even so, in an ominous note, the rebel leader, Mr Jonas Savimbi, refused to attend the ceremony, remaining instead in his mountain retreat.

In the capital, Luanda, President Jose Eduardo dos Santos, oversaw the swearing-in of the new government, in which Unita has four ministries and seven vice-ministries, but which is dominated by the MPLA.

Numerous African heads of state, including Presidents Nelson Mandela of South Africa, Robert Mugabe of Zimbabwe, and Frederick Chiluba of Zambia, attended the ceremony, which the United Nations is keen to portray as one of the final steps in ending southern Africa's last great conflict.

Mr Mugabe spoke of a "historic moment, after the trials and tribulations" of achieving peace in Angola. Unita and the MPLA signed a peace treaty in Lusaka in 1994, ending the long civil war in the oil- and diamond-rich country.

Formation of the new government coincides with the start of a phased withdrawal of 6,000 UN peacekeepers. Amid the celebrations, some of the visiting dignitaries sounded a note of caution. Mr Mandela said he was "disappointed" that Mr



Savimbi had spurned an invitation to the ceremony. "The spirit of the day is such that both sides should have turned up," he said. Mr Savimbi says his security cannot be guaranteed in Luanda. He fled the city in 1992, after fighting resumed following Angola's first multi-party elections.

The new government has the task of rebuilding a country ruined by 19 years of war, much of it fought with sophisticated weapons supplied by rival super-powers. Despite the destruction of Angola's transport links and agriculture, it remains a country with huge economic potential. Angola produces 700,000 barrels of oil a day, most of it from offshore

fields beside the northern enclave of Cabinda. It also has extensive diamond reserves, principally in the north-eastern province of Lunda Norte. It is estimated that Angola produced \$700m of diamonds in 1995; the vast majority of them were smuggled out of the country.

Both Unita and the MPLA will have to show considerable goodwill if these assets are to be harnessed for a more prosperous future. The enmity between the MPLA and Unita, part ideological, part ethnic, runs deep. "There is now a facade of unity in Luanda that bears little reality to what is going on in the countryside," complains one aid worker. Unita remains in control of

about 70 per cent of the country, including the most valuable diamond-producing areas. These are still heavily guarded, and remain inaccessible to outsiders. "Unita's willingness to allow outsiders into diamond areas will now be a crucial test of their commitment to peace," says one industry expert.

UN officials admit they are concerned that in recent months the process of forming a unified national army, while simultaneously demobilising surplus government and Unita troops, has been virtually paralysed. The UN faces the daunting task of demobilising about 40,000 Unita soldiers before August, when the last peacekeeping troops are due to leave.

"It's going to be very tight," says one UN official. In the meantime, 19,000 Unita troops have deserted UN quartering areas, adding to the insecurity affecting some provinces. The MPLA, however, believes Unita's position has been badly weakened by the virtual collapse of the regime of President Mobutu Sese Seko in neighbouring Zaire. Mr Mobutu has been a vital ally to Unita, allowing it to ship diamonds through Zaire for years, and import weapons and fuel. "We are very encouraged by what has happened in Zaire, and we think it has made Unita more co-operative," said one minister. Mr Savimbi appears to have fewer options now.

*Barnaby Phillips*





©1997 Andersen Consulting. All rights reserved.

## Are all your talents working in concert?

An impressive range of skills can be found in almost every organisation. The challenge, of course, is getting them to perform harmoniously.

Andersen Consulting works to help synchronize all of your

vital components: strategy, technology, process and people.

With vast experience in each of these areas, we can help you seamlessly blend individual strengths with collective goals. Because these days, organisa-

tions don't perform. Unless they perform together.

# ANDERSEN CONSULTING

Visit our web site at <http://www.ac.com>



## NEWS: UK

## Zulus in mercury poisoning settlement

By Robert Rice,  
Legal Correspondent

Twenty South African workers poisoned by mercury won a historic legal battle yesterday when they agreed to accept R9.4m (\$2.1m) in settlement of a High Court damages action against Thor Chemicals Holdings, a British multinational.

The men, all Zulus, sued the company and its chairman, Mr Desmond Cowley, in the UK after they fell ill while working at its plant at Cato Ridge, Natal, in 1992. The men's English solicitors, Leigh Day & Co, described the agreement as "a landmark settlement with major

implications for other British multinationals with operations in the developing world".

Two other British companies, RTZ and Cape Asbestos, are being sued in London in similar cases. RTZ is being sued by a lung cancer victim who claims to have contracted the disease working in one of its Namibian uranium mines. Cape is being sued by several South African workers who allegedly contracted mesothelioma while working for the company's subsidiaries.

All three cases, brought with the support of British legal aid, have involved protracted battles in the English courts over jurisdiction.

Thor offered to settle only after the Court of Appeal rejected its application for the case to be transferred to South Africa.

Three workers - Mr Peter Cele, 21, Mr Englebert Ngcobo, 55, and Mr Albert Dlamini, then 25 - were hospitalised in 1992 with severe mercury poisoning.

Mr Cele died seven months later. Mr Ngcobo died three years later in hospital after that and Mr Dlamini is now severely disabled.

Two other workers, Mr Frank Shange and Mr Langehile Khanyile, also died. The 15 others claimants are all suffering in varying degrees from brain and neurological damage.

Thor began manufacturing mercury products at its plant on the south-east coast of England. Throughout the 1980s the plant was heavily criticised by the UK Health and Safety Executive for bad working practices and overexposure of workers to mercury. In 1987, it transferred its mercury operations to Cato Ridge. Mr Cowley was primarily responsible for the design of technology and systems at the Natal plant.

The South African authorities concluded the poisoning was the result of the same defects identified by the HSE. Rather than reducing mercury levels, Thor controlled exposure by "recycling"

workers. Those with high mercury levels were sent to work in the gardens until their levels dropped.

Thor said later it had settled because the costs of pursuing the case would have exceeded the settlement.

Mr Richard Meeran, of Leigh Day & Co, said: "This company tried to exploit these black workers by adopting working practices that would never be acceptable in Britain."

"Let this case be a lesson for other British multinationals that they cannot ride roughshod over workers in the developing world and get away with it."

## Opposition party pledges economic stability and no return to past disorders

## Labour makes pitch for business support

By John Gapper in London

The opposition Labour party yesterday made a determined effort to improve its relations with private enterprise by launching a "business manifesto" with support from a number of leading business executives.

The move by Labour, which was founded in 1900 to represent trade unions in parliament, towards seeking support from entrepreneurs and directors of large companies has been among Mr Tony Blair's priorities as party leader.

The launch of the business manifesto, promising companies a stable economic environment and no return to past disorder in industrial relations, came as European Monetary Union surfaced as an election issue.

The Conservative party, which remains well behind Labour in opinion polls, renewed criticism of Labour for being largely funded by unions, and antagonistic to private enterprise.

Mr Blair admitted at a media briefing in the City of London that support from business figures such as Sir Gerry Robinson, the chief executive of the leisure group Granada, did not show that most private sector employers had been won over.

## The general election campaign

"I do not think that everybody in the business community is coming over to Labour... but even those business people who do not support us now know that there is a Labour party which believes in business and enterprise," he said.

The Conservatives have tried to show that the instincts of Labour remain anti-business. In one Tory press advertisement, Mr Frank Dobson, a shadow cabinet member, is quoted as having described some employers as "thieving, incompetent scum".

But Mr Blair, who said he had met 10,000 business men and women in the past two years, insisted that "all the evidence now shows that mainstream business opinion believes it can work with a Labour government".

Apart from promising to stick to Conservative government targets of keeping inflation below 2.5 per cent, Labour has ruled out the repeal of Tory industrial relations law and signalled a greater openness to privatisation.

Mr Robinson said he was disturbed by the Tory government's "inability to provide a firm British lead in Europe". He also accused the Conservatives of "scaremongering" about the effect of European legislation such as the social compact.

Mr Blair also criticised Mr John Major, the prime minister, over the disclosure that Mrs Angela Browning, an agriculture minister, had opposed pooling of gold and foreign currency reserves under the EU's Maastricht treaty.

Her statement, in a message to voters in her constituency, was controversial because Mr Major has tried to keep open a possibility that Britain could join a single European currency in two years' time.

Mr Major defended Mrs Browning on the grounds that she had simply ruled out "the transfer of national sovereignty over tax and spend policy". Mr Major, who has come close to ruling out Britain joining Emu in 1999, said he agreed with her.

Both Conservative and Labour parties have promised to hold a referendum before taking sterling into a single currency. However, divisions remain strong within the Conservative party, whose activists are largely anti-Emu.

Labour's election pledge to business

Stable prices, with a target of inflation of 2.5% or less, tough rules on borrowing and spending, and no rise in the basic and top rates of income tax.

A new drive for public/private business partnerships to modernise the transport network.

Creation of a skilled workforce by cutting class sizes and setting new targets for literacy and numeracy.

Leading reform in Europe to promote competition and open markets.

Leading for small businesses to end late payment of debts.



Tony Blair at the launch of Labour's business manifesto

## Labour's election pledge to business

Stable prices, with a target of inflation of 2.5% or less, tough rules on borrowing and spending, and no rise in the basic and top rates of income tax.

A new drive for public/private business partnerships to modernise the transport network.

Creation of a skilled workforce by cutting class sizes and setting new targets for literacy and numeracy.

Leading reform in Europe to promote competition and open markets.

Leading for small businesses to end late payment of debts.

## Factors beyond the wallet stir anxiety

The boast of Mr John Major, the UK prime minister, that "Britain is booming - Europe isn't working" may not be making much impression on the voters, but it has percolated through to the UK's second cousins in Europe.

Germans hear the Conservatives claiming credit not just for falling unemployment, but for less concrete successes such as the "hip" reputation of London and the success of British fashion designers in Paris.

But the Conservatives look likely to lose the election. So why, my editors want to know, are these fortunate British voters preparing to send their masters packing?

The explanation is not easy. But many voters who have been at the cutting edge of Conservative policies for 18 years may still be waiting to experience the feel-good factor themselves. They may also doubt, in the face of what they see around them, the accuracy of the government's main claim to success: low unemployment.

Undoubtedly the rate has fallen, but by how much? The official figures are heavily qualified by many observers. Few other countries have massaged their totals 32 times, downwards. Until last August even the Bank of England, the UK central bank, was unconvinced, arguing that much of the fall in the number of unemployed was caused by people leaving the workforce. "Almost the entire net improvement in unemployment performance in the 1990s was accounted for by the rise in inactivity," it wrote.

The prevailing wisdom is that it is the wallet that ultimately determines the placing of the cross in the voting booth. But this time, a number of factors beyond the wallet have created a feeling of unease - or even fear - of the future under the Conservatives.

Millions of voters may not relish the prospect of being "empowered" in every sphere of their daily lives, where good old father state might perfectly well continue to exercise some duty of care. When they wait as "customers" or "clients" for a privatised train that never arrives, or for a hospital bed for a long-overdue operation, they may wonder where could it all end under another Conservative government. Will they be encouraged to set up their own

LOOKING IN  
DIETER CLAASSEN

employment performance in the 1990s was accounted for by the rise in inactivity," it wrote.

The prevailing wisdom is that it is the wallet that ultimately determines the placing of the cross in the voting booth. But this time, a number of factors beyond the wallet have created a feeling of unease - or even fear - of the future under the Conservatives.

Millions of voters may not relish the prospect of being "empowered" in every sphere of their daily lives, where good old father state might perfectly well continue to exercise some duty of care. When they wait as "customers" or "clients" for a privatised train that never arrives, or for a hospital bed for a long-overdue operation, they may wonder where could it all end under another Conservative government. Will they be encouraged to set up their own

employment performance in the 1990s was accounted for by the rise in inactivity," it wrote.

The prevailing wisdom is that it is the wallet that ultimately determines the placing of the cross in the voting booth. But this time, a number of factors beyond the wallet have created a feeling of unease - or even fear - of the future under the Conservatives.

Millions of voters may not relish the prospect of being "empowered" in every sphere of their daily lives, where good old father state might perfectly well continue to exercise some duty of care. When they wait as "customers" or "clients" for a privatised train that never arrives, or for a hospital bed for a long-overdue operation, they may wonder where could it all end under another Conservative government. Will they be encouraged to set up their own

local hospital emergency units? And what will happen to their pensions under those channelling regulated private providers?

When I compare the UK to Germany and other European countries it is obvious that Britain is 10 years ahead in the restructuring of her economy, particularly with regard to privatisation, deregulation and labour market flexibility.

My own country, having been extremely successful with a consensual approach for more than 50 years, is finding it hard to adapt. People suffer from an overblown sense of entitlement.

But when Germans look at Britain they see subsistence wages, deteriorating working conditions and increasing job insecurity for the many; growing affluence for a few. This increasingly inequitable society - the "testbed of privatisation and deregulation", as John Kenneth Galbraith called it in the 1980s - is now the home of several privatisations gone wrong. Many voters see themselves as the victims of inadequately regulated, voracious private monopolies with a poor service culture and reluctance to invest - the original object of privatisation.

Continued leakages of 35 per cent to 30 per cent of water supplies and delapidated trains and signals on the railways tell their own tale.

The voters have seen the future, and may not want much more of it. They want to forego the prospect of

ever more "revolutions", be it in pensions or in the classroom. They want a less strident conservatism with a human face - and that is where Tony Blair, the Labour leader, comes in. Many seem to be saying that former prime minister Baroness Thatcher's vision of Britain's future, famously expressed in her telling phrase "there is no such thing as society", should be followed by a more caring political culture that is less fragmented, less polarised and more hesitant to vilify the disadvantaged.

Nevertheless, 15 years of conservatism have left their mark on the left. People seem to have forgotten that radicalism is possible. Any attempt to resurrect it founders at the first hurdle, that well-rehearsed question: "Where is the money coming from?"

The tax reductions under three Conservative administrations may well be regarded as sacrosanct, especially by the corporate sector and higher income earners who have become the new Untouchables since the 1980s. With conservative thinking so pervasive, Tony Blair is obviously well advised to forswear any radicalism - at least for now.

The writer is London correspondent of *Süddeutsche Zeitung*.

More election news at the Financial Times website <http://www.ft.com>

## Exporters sound the alarm on sterling

By Richard Wolff  
Midlands Correspondent

After 125 years of whistle-blowing, they reckon they know how to sound the alarm at J Hudson & Co (Whistles).

From the football referee's legendary Acme Thunderer to the emergency whistle on thousands of lifejackets, the tiny Birmingham-based manufacturer has fought off cheap Asian competition to export about 80 per cent of its 4.5m whistles every year.

But since sterling began its rapid rise in early August last year - surging 18 per cent against a basket of other currencies - the company has been sounding the alarm on its own account.

"Normally we would have sold 1.13m whistles in the first quarter, but we actually sold 793,000. That is disastrous," said Mr Simon Topman, managing director.

The downturn was only half the story. Customers had postponed their orders in the hope that sterling would fall back. When it carried on rising this month, they could not wait any longer and swamped the company with demand.

In fact, J Hudson & Co is coping better than most exporters in the UK's Midlands manufacturing heartland.

The UK's machine tool producers are suffering after five years of rapid export growth. Since 1992, Bridgeport Machines of Leicester has doubled its sales to continental Europe, to about 40 per cent of turnover. That growth came to an abrupt halt this year. Instead of selling about 200 machines a year to Germany, Bridgeport now expects to sell fewer than 100. Mr Malcolm Taylor, managing director of Bridgeport in the UK and president of the Machine Tool Technologies Association, said: "We are in danger of losing all of the effort we have put into growing our market share in Europe."

Instead of exporting its products, one Midlands company is exporting a whole factory. At Bloxwich Engineering, the sharp rise in sterling has forced the company to move manufacturing in one of its divisions to a new plant near Durban in South Africa. The company exports about 80 per cent of its production of locking systems.

Mr David Field, managing director, said: "You look to make yourself as lean as possible. But then you are hit by something like exchange rates, which you cannot control. We are gradually moving production to South Africa to survive."

## UK NEWS DIGEST

## BSE meeting spurs farmers

Farmers leaders said last night they had had "an extremely positive and constructive" meeting with Ms Emma Bonino, the European Commissioner, where a lifting of the export ban on UK beef was discussed. Ms Bonino took charge of food safety issues on April 1, and is responsible for the scientific procedures which must be followed before the ban can be raised. It was imposed last year when the UK government said there could be a link between bovine spongiform encephalopathy in cattle and Creutzfeldt-Jakob disease, the fatal human brain condition.

Sir David Nisish, president of the National Farmers' Union, said: "Although I do not expect the beef ban to be lifted overnight, I am greatly reassured by today's meeting. The Commissioner seems determined to move ahead with the necessary scientific procedures."

Ms Bonino also told Sir David and Mr Sandy Mole, Scottish NFU president, that she would visit the UK to see the working of anti-BSE controls. The farmers' leaders raised the issue of cheap imports of beef to the UK putting pressure on cattle prices. Mr Mole said "we are not afraid of fair competition but we can't be used as a dumping ground while our hands are tied".

Maggie Urry

## NORTHERN IRELAND

## Shipbuilder wins \$8m contract

Harland and Wolff, the Northern Ireland shipbuilder which is facing a possible 200 redundancies, has won a \$8m (\$3.1m) contract to refit the Arcadia, P&O's new cruise liner. This is the first deal won by its new joint venture with Mivan Marine, a privately owned engineering company in the north-east of the region, which specialises in everything from ship outfitting to theme parks and Buddhist temples. The announcement is a big boost for Harland and Wolff - based in Belfast, the Northern Ireland capital - which reported its first operating profit in 20 years this week. Pre-tax profits were \$2m on sales of \$118m, against a loss last year of \$6.8m.

The Arcadia, currently operating as the Star Princess, will replace the Canberra, a Belfast-built ship, which is being taken out of service in September. The refit will comprise a complete mechanical overhaul, as well as refurbishment of the dining areas and the creation of two bars. The work is expected to take 2-3 weeks, with the ship ready to sail from her home port of Southampton, in southern England, in December for a 12-night Christmas cruise to Morocco and the Atlantic islands. A berth on her first three-month world cruise leaving on January 5 will cost £7,795.

John Murray Brown

## SALARY LEVELS

## Health chiefs' pay increases 6.2%

Salaries for the chief executives of state health service trusts rose by an average of 6.2 per cent last year - double both the rate of inflation and the increase in basic pay for doctors and nurses. A survey by Income Data Services, the independent body that monitors wage trends - for the year to March 31 1996 shows salary changes ranging from a 30 per cent rise to a fall of almost 20 per cent.

On average, trust chief executives earned £62,000 (\$100,440) in basic salary and £68,000 in total remuneration - a 5.9 per cent rise with the inclusion of bonuses, of which fewer were paid last year. Just under 60 of the almost 400 trust chief executives received double-figure rises. Seven were paid more than £100,000.

IDS said the rises were "broadly in line with executive increases elsewhere".

Mr Chris Smith, Labour's shadow health secretary, said it was the fourth year that NHS managers' pay had increased at double the rate for doctors and nurses. Mr Smith accused the government of allowing the pay of many trust chief executives to "gallop out of control".

Mr Stephen Dorrell, the health secretary, said large trusts have revenues of £100m and it was important they were well managed. Pay was decided locally, he said, "in the context of the performance of the individual hospital".

● A wider spread of private sector wage agreements is appearing in this year's pay bargaining round, although most deals fall within the 3 per cent to 3.9 per cent range, well ahead of the 2.7 per cent inflation rate. An analysis from Income Data Services finds that 22 of the 84 new settlements are at 4 per cent or above. Nicholas Timmins

## INDUSTRIAL CONFLICT

## Firefighters vote for strike

Industrial conflict in the UK's fire services threatens to ignite later this month, it emerged yesterday. Firefighters in south-east England voted by 65.2 per cent to 41.8 per cent to support strike action as a protest at cuts in jobs and equipment. The Fire Brigades Union said further industrial action ballots will be held among members in London, and eastern England. The municipal authority employing the firefighters said "green goddesses" - military fire engines - and soldiers would be on standby during the strikes but the cost of alternative firefighting cover could amount to £1m a month.

Robert Taylor

## SPENDING HABITS

## Consumers are 'more realistic'

Britons are still not allowing themselves to return to the "spend, spend, spend" ethos of the 1980s, a survey released yesterday revealed. The report, conducted for American Express, showed that three-quarters of consumers would rather "do without" than take out a bank loan or an overdraft. The credit card company said the survey was evidence that today's consumers take "a realistic and measured approach to personal finances".

## Deregulation wheel is spinning slowly for the casino industry

An elegant 1827 building at 50 St James' Street, London - until recently home to the Jamaican High Commission - is due to open next year as a casino.

London Clubs International, the capital's biggest casino operator, secured the building last year, partly in preparation for proposed casino deregulation.

The group, which this week dropped its £192m

(\$311m) hostile offer for Capital Corporation - owner of Crockfords and the Colony Club casinos - after the proposed takeover was referred to the Monopolies and Mergers Commission, intends to relocate the casino that it operates in the basement of the Ritz hotel when the lease expires.

The St James' Street building, which first opened as Crockfords casino, is almost three times bigger than the

It may be years before operators can bank the winnings from reform moves

Ritz operation, allowing space for casino slot machines once they are legalised - potentially one of the most profitable benefits of casino deregulation.

The industry has long lobbied against what it sees as archaic regulations enshrined in the 1968 Gaming Act. Many look with envy at their European and US counterparts where whole rooms are filled with slot machines and where there are fewer restrictions on casino gambling.

The government has promised change, spurred by its own success with the National Lottery. But the deregulation process has

been slow. Almost two years after the first steps were taken towards easing the rules under which the £2.7bn industry operates, the UK's 117 casinos have only just banked some regulatory "winnings".

Last week, the drinking hours in casinos in England and Wales were relaxed from midnight to 3am in London and 2am elsewhere, in line with the drinking hours that Scottish casinos have enjoyed for the past 20 years.

The 48-hour rule, which prevents anyone from playing in a casino until two days after applying for membership, has been shortened to 24 hours. And next week, casinos will be allowed to accept debit cards in addition to cash and cheques.

The British Casino Association, the industry's trade body, welcomed the reforms as "the first substantive changes in the law governing casinos for almost 30

## When the chips are down

Casino attendance by region: number of visits

Amount exchanged for chips (£000)

London

Great Britain total

Source: Gaming Board of Great Britain

years". But Mr Brian Lemon, its general secretary, called for the urgent implementation of "the much-needed additional reforms, which are so necessary to the health and competitiveness of the industry".

These include allowing casinos to advertise. The capital accounts for two-thirds of the annual "drop",

the money exchanged for chips. But tourists visiting London have no way of knowing where the casinos are.

Under the government's deregulation proposals, casinos would be allowed limited advertising so that they could list their name, address, telephone number and some information about

changes will be implemented.

The forthcoming general election has thrown the timetable up in the air. Labour has said that it supports casino deregulation but delays are inevitable whichever party is elected.

"We are in a state of limbo," said Mr Alex Pagett, director of corporate affairs at Stakis, the provincial hotel and casino operator. "It could be two to three years before we see the full implementation of the changes. But in the meantime, there are opportunities to turn the business into just another leisure activity with the ultimate aim that people will say: 'Are we going to the pils tonight or the casino?'"

They would also be able to install casino slot machines with unlimited stakes and prizes instead of the current limit of six jackpot machines with a maximum stake of 25p and prize of £250.

But the big question for the industry is when these

their facilities in regional newspapers, magazines and tourist brochures.

They would also be able to install casino slot machines with unlimited stakes and prizes instead of the current limit of six jackpot machines with a maximum stake of 25p and prize of £250.

But the big question for the industry is when these

changes will be implemented.

The forthcoming general election has thrown the timetable up in the air. Labour has said that it supports casino deregulation but delays are inevitable whichever party is elected.

"We are in a state of limbo," said Mr Alex Pagett, director of corporate affairs at Stakis, the provincial hotel and casino operator. "It could be two to three years before we see the full implementation of the changes. But in the meantime, there are opportunities to turn the business into just another leisure activity with the ultimate aim that people will say: 'Are we going to the pils tonight or the casino?'"

Scheherazade Daneshkhu

This announcement appears as a matter of record only. All parties have acted in full compliance with the laws set forth by the USA and The United Kingdom.

## CONGRATULATIONS

ON THE MERGER OF

T.D. CULLUM LTD.

AND

M.C.HART INC.

London

April 12, 1997



## COMMODITIES AND AGRICULTURE

Copper  
unmoved by  
rule change

By Gary Mead

The move on Tuesday to carry out daily reporting of London Metal Exchange stocks — one of the recommendations made by the Securities and Investment Board (SIB) in its review of the LME and metals markets — caused few ripples in the market this week, according to analysts and traders.

Market sentiment was that the greater transparency introduced by producing a daily — as opposed to twice weekly — tally had little impact on prices.

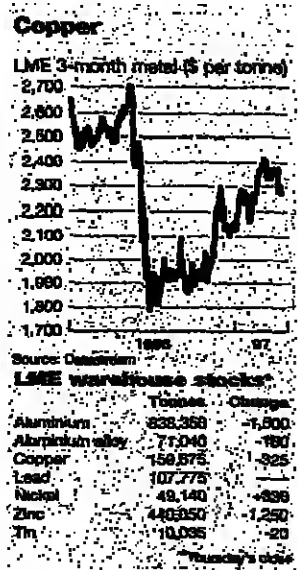
The decline in copper stocks — which by yesterday were down 14,800 tonnes (to 159,575 tonnes in total) since the start of the week — appeared unable to stave off a gradual slide in price; yesterday's three-month copper on the LME fell beneath the \$2.20 mark, \$22 down from Thursday's closing price.

Other base metals on the LME followed a similar, gently downward trend, lead hit a low of \$824 before recovering to \$829 a tonne, \$10 down on the previous day; zinc lost \$6 on Thursday's closing price, to finish the week at \$1,236; and tin was down \$20 at \$5,670.

May futures for cocoa on the London International Financial Futures Exchange inched up \$11 to close at \$1,013 per tonne.

It was the end of a volatile week for cocoa, which fell to a low of \$979 on Monday, a slip of \$65 from the previous closing price.

Its relative recovery in



LME 3-month metal \$ per tonne

London through the rest of the week was seen by traders as fragile.

However, cocoa prices were firming rather more in the US in the latter part of the week; on Thursday the price for May delivery closed up \$31, at \$1,411 a tonne, and by midday yesterday that had improved to \$1,420.

Robusta coffee May futures in London moved up \$13 in early trading yesterday, to \$1,563, but later fell back to close at \$1,565.

Brent Blend oil futures on the International Petroleum Exchange were yesterday buoyed by news of a cold snap in the US and the political *frictions* between Iran and Germany.

By late afternoon May Brent was up 19 cents a barrel to \$18.12, having reached a high of \$18.20 just before midday.

## WEEKLY PRICE CHANGES

	Latest price	Change on week	1997 Low	1997 High
Gold per troy oz.	\$346.05	+1.30	\$344.15	\$348.65
Silver per troy oz.	\$215.00	+1.00	\$214.00	\$216.00
Aluminium 99.7% (cash)	\$1,535.5	+7.5	\$1,528.0	\$1,543.0
Copper Grade A (cash)	\$2,222.0	-4.5	\$2,217.5	\$2,226.5
Lead (cash)	\$620	-5.0	\$615.0	\$625.0
Nickel (cash)	\$710.0	-2.0	\$708.0	\$712.0
Zinc SHG (cash)	\$1,237.0	-6.5	\$1,230.5	\$1,243.5
Tin (cash)	\$5,670.0	-20.0	\$5,650.0	\$5,690.0
Cocoa Futures May	\$1,013.0	-3.0	\$1,010.0	\$1,016.0
Coffee Futures May	\$1,563.0	+13.0	\$1,550.0	\$1,576.0
Barley Futures May	\$292.50	-4.50	\$292.00	\$297.00
Wheat Futures May	\$298.70	-0.70	\$298.00	\$299.40
Cotton Futures May	\$78.00	+0.30	\$77.70	\$78.30
Oil (Brent Blend)	\$18.12	+0.02	\$18.00	\$18.20

For source unless otherwise stated, p. Financial Times, p. 10.

## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

## ALUMINIUM 99.7% PURITY (\$ per tonne)

Cash 3 mths

Close 1535.5-4.5

Previous 1530.0-1.0

High/Low 1535.5-4.5

AM Official 1535.5-4.5

Kero close 1535.5-4.5

Open int. 271,121

Total daily turnover 88,261

## ALUMINIUM ALLOY (\$ per tonne)

Close 1425.35

Previous 1420.45

High/Low 1425.35

AM Official 1425.35

Kero close 1425.35

Open int. 6,009

Total daily turnover 2,354

## LEAD (\$ per tonne)

Close 619.21

Previous 614.4

High/Low 619.21

AM Official 619.21

Kero close 619.21

Open int. 36,882

Total daily turnover 13,471

## NICKEL (\$ per tonne)

Close 7145.50

Previous 7130.00

High/Low 7145.50

AM Official 7145.50

Kero close 7145.50

Open int. 52,092

Total daily turnover 16,028

## TIN (\$ per tonne)

Close 5865.00

Previous 5870.00

High/Low 5865.00

AM Official 5865.00

Kero close 5865.00

Open int. 16,887

Total daily turnover 4,835

## ZINC, special high grade (\$ per tonne)

Close 1205.7-5

Previous 1203.2

High/Low 1205.7-5

AM Official 1205.7-5

Kero close 1205.7-5

Open int. 81,854

Total daily turnover 34,550

## COPPER, Grade A (\$ per tonne)

Close 2221.2

Previous 2224.7

High/Low 2221.2

AM Official 2221.2

Kero close 2221.2

Open int. 135,907

Total daily turnover 29,337

## LME 3-month metal 2% rate

Close 1222.5-3.0

Previous 1220.0

High/Low 1222.5-3.0

AM Official 1222.5-3.0

Kero close 1222.5-3.0

Open int. 12,591

Total daily turnover 1,878

## HIGH GRADE COPPER (COMEX)

Settle 1027.3

Open 1027.3

Close 1027.3

High/Low 1027.3

AM Official 1027.3

Kero close 1027.3

Open int. 116,421

Total daily turnover 4,411

## PRECIOUS METALS

## LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

## GOLD (Troy oz) \$ price

Close 345.00

Open 345.00

Close 345.00

High/Low 345.00

AM Official 345.00

Kero close 345.00

Open int. 10,100

Total daily turnover 1,878

## SILVER (Troy oz) \$ price

Close 16.15

Open 16.15

Close 16.15

High/Low 16.15

AM Official 16.15

Kero close 16.15

Open int. 10,100

Total daily turnover 1,878

## PLATINUM (Troy oz) \$ price

Close 1,000.00

Open 1,000.00

Close 1,000.00

High/Low 1,000.00

AM Official 1,000.00

Kero close 1,000.00

Open int. 10,100

Total daily turnover 1,878

## PALLADIUM (Troy oz) \$ price

Close 1,000.00

Open 1,000.00

Close 1,000.00

High/Low 1,000.00

AM Official 1,000.00

Kero close 1,000.00

Open int. 10,100

Total daily turnover 1,878

## Precious Metals continued

## GOLD COMEX (100 Troy oz, \$/troy oz)

Settle 1027.3

Open 1027.3

Close 1027.3

High/Low 1027.3

AM Official 1027.3

Kero close 1027.3

Open int. 116,421

Total daily turnover 4,411

## SILVER COMEX (100 Troy oz, \$/troy oz)

Settle 16.15

Open 16.15

Close 16.15

High/Low 16.15

AM Official 16.15

Kero close 16.15

Open int. 10,100

Total daily turnover 1,878

## PLATINUM COMEX (100 Troy oz, \$/troy oz)

Settle 1,000.00

Open 1,000.00

Close 1,000.00

High/Low 1,000.00

AM Official 1,000.00

Kero close 1,000.00

Open int. 10,100

Total daily turnover 1,878

## PALLADIUM COMEX (100 Troy oz, \$/troy oz)

Settle 1,000.00

Open 1,000.00

Close 1,000.00

High/Low 1,000.00

AM Official 1,000.00

Kero close 1,000.00

Open int. 10,100

Total daily turnover 1,878

## ENERGY

## CRUDE OIL NYMEX (1,000 barrels, \$/barrel)

Settle 18.12

Open 18.12

Close 18.12

High/Low 18.12

AM Official 18.12

Kero close 18.12

Open int. 10,100

Total daily turnover 1,878

## HEATING OIL NYMEX (42,000 gal, \$/gal)

Settle 1.12

Open 1.12

Close 1.12

High/Low 1.12

AM Official 1.12

Kero close 1.12

Open int. 10,100

Total daily turnover 1,878

## NATURAL GAS NYMEX (10,000 cu ft, \$/cu ft)

Settle 0.18

Open 0.18

Close 0.18

High/Low 0.18

AM Official 0.18

Kero close 0.18

Open int. 10,100

Total daily turnover 1,878

## GAS OIL NYMEX (10,000 cu ft, \$/cu ft)

Settle 0.18

Open 0.18

Close 0.18

High/Low 0.18

AM Official 0.18

Kero close 0.18

Open int. 10,100

Total daily turnover 1,878

## FUTURES DATA

All futures data supplied by CME.

## GRAINS AND OIL SEEDS

## WHEAT LIF (5 per tonne)

Settle 10.12

Open 10.12

Close 10.12

High/Low 10.12

AM Official 10.12

Kero close 10.12

Open int. 10,100

Total daily turnover 1,878

## WHEAT CBT (5,000 bu, \$/bu)

Settle 10.12

Open 10.12

Close 10.12

High/Low 10.12

AM Official 10.12

Kero close 10.12

Open int. 10,100

Total daily turnover 1,878

## MAIZE CBT (5,000 bu, \$/bu)

Settle 10.12

Open 10.12

Close 10.12

High/Low 10.12

AM Official 10.12

Kero close 10.12

Open int. 10,100

Total daily turnover 1,878

## BARLEY LIF (5 per tonne)

Settle 10.12



## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Saturday April 12 1997

## Home grown inflation

If Mr and Mrs Tony Blair, two lawyers, living in Islington, feel the time is right for a move this spring, they could be pleasantly surprised by the suggested asking price for their property.

A recent survey showed that house prices in the N1 district of London rose by almost 50 per cent last year, leading a revival which is causing some people to worry about a return to the frenzied market of the late 1980s. Mortgage lenders are hiring more people and already shortages of building labour and materials are forecast.

Mr Blair, the Labour leader who hopes to move to a large terrace house in Downing Street on May 1, has even promised to introduce a law against "gazumping", if he gets the new job. This thrived between 1985 and 1989, when average house prices doubled and greedy sellers broke agreements with buyers to get a higher price.

This time round, gazumping so far seems rare. But in other respects there is strong evidence of recovery, and in the more gentrified areas of London and the home counties, a heady aroma of profits.

The latest Halifax survey shows that average UK house price inflation is now running at a little over 7 per cent a year. This figure conceals wide disparities, however. In the Greater London area last year, prices rose by more than 17 per cent, an increase which includes much larger gains for desirable residences which appeal to those in receipt of big City bonuses or a recent entry permit to the UK from Hong Kong.

Certainly, some big profits have been made, and there will be more to come. But it may be too early to worry about a return to the financial instability, which an over-excited property market helped to create in 1988-89.

### Exuberance

One reason is that the recent exuberance is still fairly localised. House prices outside London and the South have been growing at a much more sedate pace, and even fell slightly in the north during the first quarter of this year.

Moreover, even after the recent recovery, which started slowly three years ago, prices have not climbed back to the peak which they reached before the inflationary crisis of 1988-90. Indeed, after inflation, the average house, now selling for £70,000, is 26 per cent cheaper in

real terms than it was in the summer of 1989.

In real terms, houses cost only about the same as in 1978, at the peak of the first great inflationary wave of the post-war era. Even so, they cost some 70 per cent more than they did after a long stable period at the end of the 1960s.

The rise in recent decades partly follows a general increase in real incomes. But it also reflects higher demand, partly caused by the break-up of households into smaller units. The 40 per cent increase in the number of households between 1981 and 1995, for example, included a sharp increase in the number of people living alone and a decline in large families.

### Deregulation

During the 1980s, financial deregulation ended the mortgage queues which had restricted the ability of many such single people, particularly those on lower wages, to buy their own houses.

These effects are less strong in the 1990s. And although mortgages are more freely available, tax relief on interest payments is now so much reduced as to be of little value at the upper end of the market. Moreover, the present generation of first-time buyers is confronted with the possibility that house prices which go soaring up could go sharply down.

Most of these homeowners who found that debts were higher than the value of the property after 1990 will have escaped from the negative equity trap by the end of this year. But gloomy lessons have been learned, at least for the time being.

So although houses are still inexpensive relative to incomes by historic standards, houses are not the one way bet which they might have seemed a decade ago, especially if inflation remains low and real interest rates stay positive.

The authorities certainly need to take early action to avert the inflationary dangers by raising interest rates, or preferably by increasing taxes. Yet for the present, high prices for scarce properties are probably more the result of pent-up demand from the richest 10 per cent, whose after-tax income rose twice as fast as that of the average during the 18 years of Tory rule.

But that, Mr Blair will have noted, is not so much inflation as the magic of the market.

# An appreciation of currencies

John Plender looks at the reasons behind the strength of the dollar and pound and asks how long the trend will last

Most forecasters at the start of the year managed to judge the direction of the US dollar correctly. But few expected the rise against the yen and the D-Mark to be so rapid.

Over the past week, the dollar has been hitting new highs - as has sterling. Since the appreciation of the US currency has been an important factor in what Mr Alan Greenspan, the Federal Reserve chairman, has called "irrational exuberance" on Wall Street over the past two years, it is important for investors to understand what has been driving it.

In terms of its underlying purchasing power, the dollar is no great story at today's levels. All that has happened is that the spectacular downward overshoot that left the US currency looking absurdly cheap in the spring of 1995 has been corrected.

The undervaluation at that time against the yen was largely a reflection of excessively tight monetary policy in Japan after the pricing of the Japanese bubble at the start of the decade. High real interest rates were an important factor in discouraging capital outflows. The Bank of Japan had been slow to recognise the damage wrought on the banking system and the economy by the collapse of asset prices.

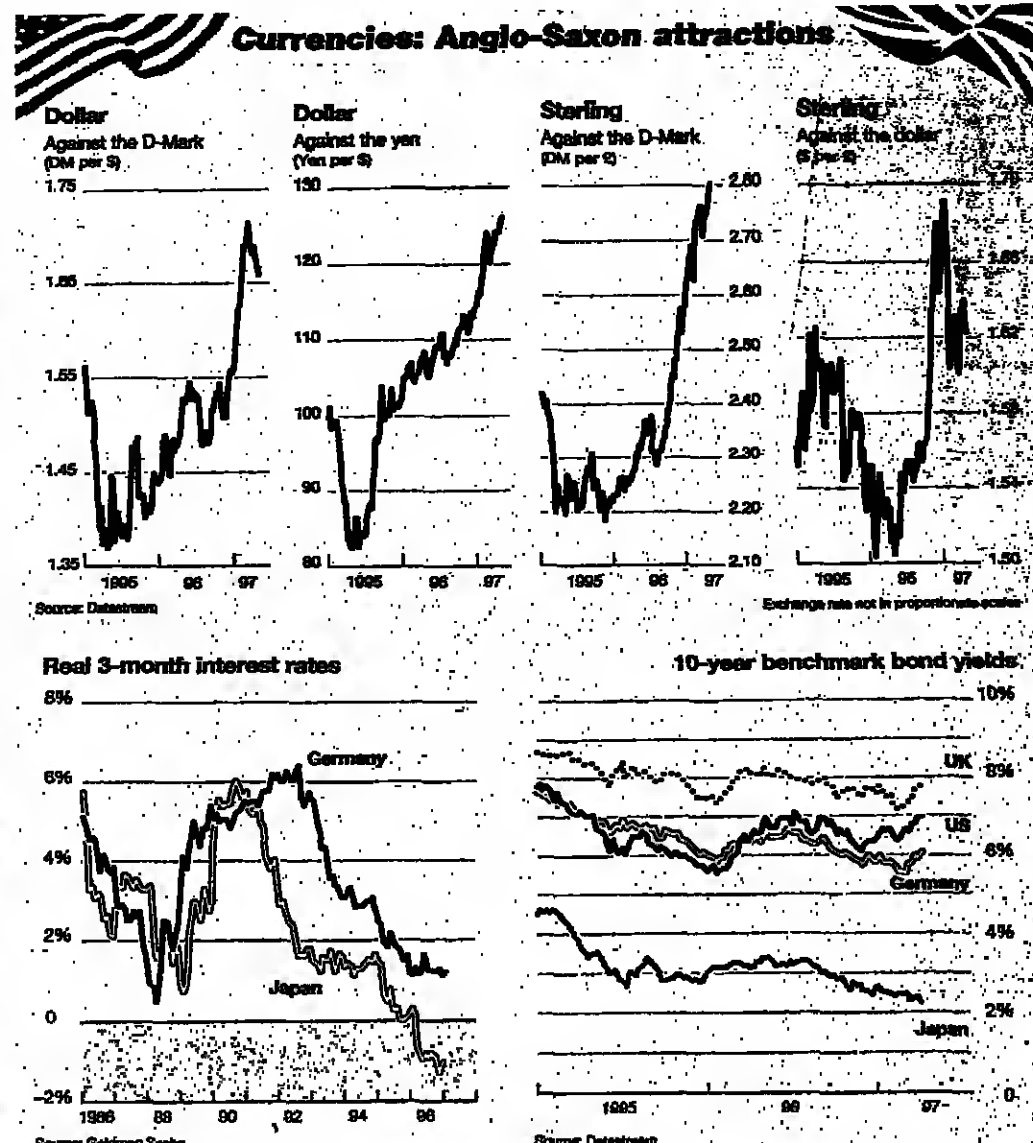
In 1995 it woke up. The Japanese have since had the lowest interest rates in the world. This prompted a weaker yen, which now holds out the best hope of continuing economic recovery in Japan as fiscal policy is being significantly tightened.

The story in the dollar/D-Mark relationship was not dissimilar. After the unification boom, and with European monetary union looming, the Bundesbank was slow to loosen policy. Interest rate differentials were thus all in favour of a strong D-Mark until the Bundesbank saw the light two years ago, precipitating a devaluation of the currency.

When currencies depart from fundamental values for protracted periods, analysts seek to rationalise the overshoot. In 1995 it became fashionable to attribute dollar weakness to the diversification of official reserves away from the dollar.

In fact, the dollar's subsequent recovery can partly be explained by precisely the opposite phenomenon. Foreign flows of official capital into the US rose from \$39bn in 1994 to \$123bn in 1996, with the majority of the money going into Treasury bonds. If private portfolio flows are included, the total amount of foreign capital flowing into the US bond market over the same period rose from \$129bn to a phenomenal \$395bn. This was more than three times the size of the US current account deficit.

For Asian central banks that have accumulated large dollar



reserves as a by-product of their attempt to keep their currencies competitive, uncertainty over the future of EMU matters. Mr Joseph Yam, head of the Hong Kong Monetary Authority, has cited this as a potential source of weakness in European currencies against the dollar.

For private capital, especially from Japan, the appeal of the dollar lies in the substantial yield advantage. The temptation to leave money in a country like Japan, with short-term interest rates of around 1/2 per cent and long bond rates of less than 2 1/2 per cent, is minimal unless the investor expects the yield advantage to be wiped out by currency depreciation.

Sterling, too, has been a beneficiary of large inflows since last year as Japanese investors have looked to enhance their income through purchases of gilts. For the UK, this represents a partial change of UK status within Europe.

After sterling's ejection from the exchange rate mechanism in September 1992, the British currency tended to move in line with its fellow drop-out, the lira,

against the D-Mark. But since the lira returned to the ERM last year and the Italian government made the Maastricht budget deficit target the centrepiece of its economic policy, sterling has resumed a more mid-Atlantic orientation.

This has been a pre-electoral boom to Mr Kenneth Clarke, the UK chancellor of the exchequer. Sterling appreciation offsets inflationary pressure in the economy, thus leading strength to Mr Clarke's arm in resisting the Bank of England's advice in favour of higher interest rates. But there is a price to pay.

For the Germans and Japanese, currency weakness against the dollar and sterling has boosted manufacturing and provided an export-led route towards recovery. Britain, in contrast, is showing signs of pre-electoral excess. The consumer sector threatens to overheat while manufacturers are witting under the pressure of sterling appreciation.

How long before the pattern of dollar and sterling appreciation is broken? Predicting the precise timing of a turn in the currency markets is impossible. But since

currencies are, among other things, an adjustment mechanism, their movements tend ultimately to be self-correcting.

The rise in the dollar, for example, ensures that a strong US transmits demand to economies where output is running below potential. When growth in the weaker economies picks up as a result, interest rate expectations change and their currencies change course.

Mainstream forecasters are thus looking for a cyclical reversal in the fortunes of the D-Mark by the end of this year. The continuing weakness of the Japanese banking system might suggest that a rise in yen interest rates is further off. But the arguments are complicated by the renewed strength of Japan's external account.

Mr Robert Rubin, the US treasury secretary, this week explicitly attributed Japan's rising bilateral trade surplus with the US to the weakness of the yen. But he emphasised that he sees strong growth in Japanese domestic demand as the appropriate remedy. Since the government of Mr

Ryutaro Hashimoto is dedicated to deflationary cuts in the budget deficit, Japan will probably seek instead to head off trade friction by intervening in the markets to halt or reverse yen depreciation. For sterling, continuing appreciation looks likely on present policy, until recovery in the continental European economies becomes stronger. But if Labour is elected, policy may change.

There would be a strong temptation for Mr Gordon Brown, Labour's chancellor-in-waiting, to expand the promised summer budget to incorporate a much broader rebalancing of monetary and fiscal policy. A greater-than-expected increase in corporate taxes, for example, would mean a lesser requirement to raise interest rates. This would reduce the attractions of sterling to investors and ultimately take pressure off manufacturers.

The political risks in such a tax-raising policy are high. But so are the rewards, if the pain of putting the public finances in order is dispatched early in the electoral cycle.

There are, of course, wild cards. One is the possibility that EMU might be delayed, in which case a D-Mark that no longer faced early extinction would probably strengthen against sterling and the dollar. A collapse on Wall Street would probably cause dollar weakness for fear that the Fed might be obliged to pursue a more accommodating monetary policy.

Worst of all, turbulence in Japanese financial markets could cause the dollar to collapse if the present capital outflows were reversed. The impact would be leveraged because so many US hedge funds have been borrowing at negligible cost in yen to invest in higher-yielding US paper.

Longer-run predictions are easier. The rapid ageing of the Japanese population will reduce savings and push the trade balance back into deficit. This huge structural change means we are most unlikely to see the dollar at ¥80 again, especially if Japan resorts to inflation to resolve its deteriorating fiscal position.

But forecasts should be treated with caution. As Mr Brendan Brown of Tokyo-Mitsubishi International spells out in a book packed with insights, the occupational hazard of market economists is to attribute excessive rationality to market pricing - just what happened in spring 1995.

The only safe forecast on currencies is that what goes up eventually comes down. The better economists show why and how. Only occasionally do they correctly predict when.

"Economists and the Financial Markets," Brendan Brown, Routledge, £12.95.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5936, e-mail: letters.editor@ft.com. Published letters are also available on the FT web site, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

### Argentine democracy not in doubt

From Mr Rogelio Pfrter.

Sir, In his letter of April 8, John Torode, a political correspondent, seems to cast a shadow of doubt on the future stability of Argentina's democracy. I do not agree with his scepticism.

Yes, like other countries, including western nations, Argentina has made some serious mistakes in the past and, yes, it has suffered the misfortunes of prolonged political instability. Yet, at the same time, like many of those same countries it has learnt from its errors and is keen not to repeat them.

As a matter of fact, a genuine and strong democracy is today in

place in Argentina and the whole of the country is united in its will to ensure that such a system remains. Argentines are fully aware of the significant improvement in their condition brought about by democracy and by the opening of the economy, and are committed in an unqualified fashion to the maintenance of their present lifestyle. This is there for everyone to see.

Mr Torode's pessimistic predictions are not only inconsistent with present reality but affect my country's image in Britain and could discourage greater support in British public opinion for closer co-operation

with Argentina. This would hardly be in anyone's interest. It would run contrary to the traditional feelings of friendship and the affinities between both countries and to the substantial progress in bilateral economic and political relations in recent years.

Above all, it would not be in harmony with the long-term interests of those of us who live in the South Atlantic, be it on the mainland or on the islands.

Rogelio Pfrter, Argentine ambassador, Argentine Embassy, 65 Brook Street, London W1Y 1YE, UK

### Serious Israeli offer should be picked up

From Ms Helen Davis.

Sir, Roula Khalaf's lament about the state of middle-class Arab opinion and her own tone of despair about Middle East peace-making are misplaced and, perhaps, just a touch self-indulgent ("A bitter taste of the peace process", April 5/6).

The reality is that middle-class Arab voices - the professional syndicates, trade unions, federations and associations of Egypt, Jordan and the Palestinians - have always led opposition to any political settlement with Israel (after Jordan signed a peace treaty with Israel the Dentists' Association forbade its members from treating Israelis).

If Roula Khalaf had read Jihad Khazen's *al-Hayat* regularly she would not have been so dismayed by his bitterness to the Israeli prime minister. Khazen, an oppo-

nent of Israeli-Palestinian rapprochement since the Oslo accord was signed in September 1993, consistently depicts it as a capitulation to the American/Jewish/Zionist consortium.

What is extraordinary is not how awful things are but how much progress has been made. Israel has withdrawn not only from Gaza and Jericho but also, notwithstanding dire warnings from the Arab world (including Khazen), from all of the Palestinian cities on the West Bank. Fully armed Palestinian security forces have been set up, Palestinian elections have been held, and a Palestinian authority has been established that now controls the destiny of 97 per cent of Palestinians in the West Bank and Gaza.

Benjamin Netanyahu, Israel's prime minister, has withdrawn from 80 per cent of

Hebron, proposed a further 10 per cent withdrawal from the West Bank (as a starter) and offered to embark on accelerated, tele-scoped final-status talks leading to a permanent settlement with the Palestinians by the end of this year, rather than the scheduled date of May 1999. Not so demonic, after all.

Rather than indulging her friends, Roula Khalaf should encourage them that a serious offer is on the table and that the Palestinian leaders should pick it up, even if that means spoiling the script they have been following for the past 50 years.

Helen Davis, director, British Israel Public Affairs Centre, 30 Gordon Street, London WC1H 0AN, UK

### Leadership must follow new style

From Mr Maurice J. Olivier.

Sir, The FT summary of the Eurostudy report ("Europe urged to copy US business approach", April 7) draws attention to the absence of leadership among many of Europe's business organisations.

Our experience at Arthur D. Little, from running a series of colloquia with chief executives of leading European businesses, is that CEOs are recognising the vital importance of effective leadership if European companies are to compete successfully in world markets.

On one point, there is virtual unanimity: the style of leadership that is needed today has changed. A leader's job must be to inspire rather than impose - to move from "the person who changed the company" to "the person who enabled the company to change".

Leaders need to cultivate and develop "champions of change" - a far more effective route to successful transformation of an organisation than wasting time endlessly trying to convert the determined opponents of change.

Governments as well as industry must heed this lesson.

Maurice J. Olivier, senior vice-president and managing director, management consulting, Europe, Arthur D. Little International, Inc., Woluweaan 2, B-1150 Brussels, Belgium

## WORLD POLICY GUIDE

World Policy Guide is the only international source of information on new products and policy innovations in the commercial market.

Published monthly, it examines a different class of insurance in each issue, comparing policy wordings and types of cover in the UK and worldwide. The two-year subject programme builds into a complete library of insurance policies, instantly available for easy reference.

World Policy Guide analyses and comments on:

Key market players and how they have performed

Significant policy trends

Special risk factors

Disputed policy wordings - with contributions from top lawyers

For a FREE sample copy, contact:

FT Financial Publishing, Maple House,  
149 Tottenham Court Road, London W1P 9LL, UK  
Telephone: +44 (0) 171 896 2286  
Fax: +44 (0) 171 896 2319

FT

FINANCIAL TIMES  
Financial Publishing



## COMMENT &amp; ANALYSIS

The director of the Royal National Theatre reviews the acts of the players in the UK election campaign

## Strut and fret upon the hustings

I saw a film recently of Churchill encountering a television camera. He was being introduced, with great reluctance on his part, to the notion of the party political broadcast. He eyed up the camera with the distaste of a dog inspecting a new variety of dog food, and spoke with the painful self-consciousness of a man who has been given the instruction: "Just be yourself." He had become an actor, giving an unconvincing performance of "Winston Churchill".

Since then all politics has declined to the condition of show business, and all politicians have been obliged to become performers. They choose their costumes carefully, their decor fastidiously; they discuss their roles with their directors, their fellow actors and their agents; they study their scripts, they rehearse, they put on make-up, and they give performances: they adapt their acting styles from the world-beat intimacy of the small screen to the not-to-be avoided histrionics of the public platform; and sometimes, often disastrously, they improvise.

Actors require us willingly to suspend our disbelief, to accept that what we know to be fiction is, at least temporarily, reality. Politicians expect something rather similar but more enduring, and we, the voters, are expected to give our consent. But we are at best reluctant and at worst intransigent about closing the circle of the illusion: the gap between content and performance is risibly clear, and we know all too well that, however little reality their public pronouncements possess, politicians are not participating in a dramatic fiction.

All of us, consciously or not, are actors: we simulate feelings we don't feel, we lie, we pretend to be what we aren't, and this latent though well-rehearsed skill lures us all - politicians especially - to believe that, if every-



one does an actor's job in life, then anyone can apply it to their own profession. But it is exasperatingly difficult for an actor to find what the philosopher and dramatist Diderot describes as the "true point".

An actor who has only sense and judgment is cold; one who has only nerve and sensibility is crazy. It is a peculiar combination of good sense and warmth which creates the sublime person; and on the stage as in life he who shows more than he feels makes one laugh instead of affecting one. Therefore never try to go beyond the feeling that you have; try to find the true point.

It is difficult to achieve the "true point" in life, which is probably why we give such extravagant praise to those who achieve it in art. To act properly, in life as in art, implies a moral dimension that makes us want actors (and politicians) to be exemplary beings. Is it any wonder that when politicians perform they seem, as Hamlet said of bad actors, as if "some of nature's journeymen had made men, and not made them well, they imitated humanity so abominably?"

There is precious little of the Shakespearean about this election, even if the spirit of Polonius presides over the campaign: you might find an echo in Peter Mandelson, a Malvolio in Brian

Mawhinney, a Cassius in Michael Heseltine, a Claudius in Baroness Thatcher, an Enobarbus in John Prescott, a Lear in Sir Edward Heath and a Jacques in Tony Benn. Lord Tebbit might make a good Fool and you could find plenty of clowns in all parties, but, unless you include Roy Hattersley, who has the stomach for the role of Touchstone, if not the wit, they belong more to the circus than to Shakespeare.

You might wish more of the Mercutio than the Orlando from Tony Blair, and from John Major, whose taste for Cantos-esque metaphors defy parody, you might wish a little of the Berowne. You would wish in vain: the manifestos, like the New English Bible, have been filled with figurative language, and if you were looking for an event with which to compare this spectacle of the bland leading the blind, you would not find your model in Shakespeare or Shaw, but in a convention for management consultants or the Eurovision Song Contest.

So how are the contestants doing? When John Major stepped up on his "soapbox" at the start of the campaign - an object as far removed from its original function as a freemason is from a stonecutter - he looked as if he pined for the return of Spitting Image, so keen was he to mimic his model: one puppeteer appeared to operate his arms, while his hands flapped helplessly at their extremity and his voice appeared, in an ill-disguised piece of ventriloquism, to emerge from his ears.

When the prime minister is speaking impromptu before a small group he seems intelligent, authoritative, even, yes, witty: in a word, plausible. But put this manifestly mild-mannered man before a large audience and a television camera, and he booms from a lectern which helpfully tells us what he's doing - BRITAIN IS BOOMING - and with a rising inflection borrowed



Stage show: John Major uses a rising inflection borrowed from Olivier's Henry V but performs with the flair of Roger Moore

from Olivier's Henry V but performed with all the flair of Roger Moore, he berates his opponent with the milky rhetoric of a primary school headmaster: "This is incompetence pure and simple!" he booms. Indeed.

Tony Blair grips the side of his lectern at press conferences with a white-knuckled intensity, like a shipwreck survivor gripping the gunwales of a lifeboat. The Tories say he's suffering from stage fright; this is wishful thinking.

That he's frightened is clear, but as a performer it's a strength - he's aware of the endemic danger and folly of playing a leading role on the political stage. (Incidentally, in France they make a direct connection between politics and the theatre: they speak not of the "corridors" of power but of the "wings.") "I can see how, if you're not careful," said Tony Blair a week or so ago, "whatever public persona you have starts taking over your private being."

It may be that Tony Blair's true person is what you see, and

what you see is what you'll get if he becomes prime minister. It may be he has achieved a state of grace rare among politicians, that he has reached the "true point" where honesty and expediency are held in balance. He appears not to dissemble; it is possible, therefore, that he may be rejected by the voters - audiences have a way of preferring Edmund and Iago to Edgar and Othello. If politics is a dirty game, what price the politician who is honest, decent and true?

"Honest" Paddy Ashdown's epiphany was celebrated with several thousand balloons of dubious hue at the Liberal Democrat rally. He began his speech with a pale invocation of the ghost of Neil Kinnock, chiding Tony Blair like Hamlet chastising Gertrude, and then, like a poor actor striving to stir his audience, indicated his concern for the future of the country with a whirlwind of falling arms and earnest adjectives, combining simultaneously the "best" and "worst" of Yeats's poem - lacking all conviction and full of passionate intensity.

It is a thankless task being a leader of a party whose only advantage is moral superiority, even if the party does contain a higher proportion of conspicuously excellent MPs than the two main parties. There are precious few opportunities to assert his authority, but I eagerly anticipate each year the moment at the Cenotaph when Captain Ashdown (ret'd) reminds his civilian colleagues, like a dance instructor demonstrating the correct posture for an old-fashioned waltz, how a leader should stand to attention and place a wreath, thus proving Diderot's thesis: "He who shows more than he feels makes one laugh instead of affecting one."

The mad Lear says to the blind Gloucester: "Like a scurvy politician, seem/To see the things thou dost not." I wish we didn't so readily agree with him, and I wish too that we didn't (with much encouragement from MPs themselves, it has to be said) invariably slip into the cynical assumption that all politicians are on the make, endemically dishonest, riddled with narcissism,

self-regard, shallowness and vanity. Much of the same is said about my profession, but, unlike most politicians, we don't set out on our careers with the intention of making the world a better place, nor do we make claims of moral probity; we have, therefore, less capacity for the corruption of our souls. Coming from a world mired in make-believe, I am familiar with the problem that faces the actor after the performance is over. It's the same that the politician faces after the election: to know how to be oneself. If the whole world is to be show business, when does the mask come off?

In one respect politicians are different from us: they have to be more thick-skinned. I'm glad for his sake that John Major wasn't sitting in the Gloucestershire pub that I was in last week. Across the bar I heard a woman with the sort of upper-class voice that carries across three counties, married in generations of Tory self-confidence: "I'm just going to write 'hum hum bum' on my blot paper, and I don't care who knows it." She wasn't acting.

### Man in the News • Romano Prodi

## Sturdy leader in a shaken tree

Italy's prime minister has survived, but only just, says Robert Graham

This was the week Romano Prodi almost lost his irrepressible good humour - and with it his job as Italy's prime minister.

He and his centre-left government have survived a traumatic parliamentary debate over sending troops to Albania and subsequent votes of confidence; but Mr Prodi has been left with little to joke about. The divisions among the parties backing the government have been cruelly exposed and his own position has been seriously weakened.

That he has pulled through at all is a tribute to the remarkable obstinacy and resilience of this 56-year-old economics professor from Bologna.

"Romano is like a wall of rubber; he has an awesome capacity to absorb the most punishing of blows," observes a friend who helped launch him on his political career two years ago. "Although he likes to appear the amiable professor, he is much tougher than he looks."

Punishment there has been aplenty. Mr Prodi and his ministers made it a question of national pride that Italy should lead a multinational force backing the distribution of humanitarian aid in Albania.

"The Albanian question must not be used as an occasion to exploit political difficulties," Mr Prodi told parliament, warning that failure to agree would be a "disgrace in front of the international community".

Unfortunately, a key component of his parliamentary support - the hardliners in Reconstructed Communism - refused to endorse the policy. Not only did Mr Prodi this week have to turn to the opposition to prevent the initiative from collapsing, but he was obliged by the opposition to call on the head of state, in the complex language of Italian politics, this was one step short of offering to resign.

To complete the humiliation, he has been obliged to seek a vote of confidence to remain in office. And to win this, he has had to seek the votes of Mr Fausto Bertinotti, the RC leader. Less than 24 hours earlier, Mr

Bertinotti nearly brought down the government by voting against Italy's military role in Albania.

"If you think you've come to my funeral, you're mistaken," Mr Prodi remarked to journalists at one stage this week when his prospects looked bleak.

His tone was just as combative when he addressed the senate on Thursday: "This is the sole government that can take Italy into Europe - not because I'm running it but because a crisis at this historic juncture would ruin the country."

"Saying this is not a boast, merely the statement of someone who is aware of the [dangers] of the situation... If anyone thinks they can do better, then let them step forward."

Such confidence is not mere bluff. Mr Prodi has tremendous self-assurance. This is reinforced both by his rock-solid roots in Emilia Romagna, with its long civic traditions, and by a big family imbued with a strong Catholic faith.

He is one of nine children, most of whom have ended up in academia. His wife, Flavia, is also an academic. Unusually for an Italian prime minister, Mr Prodi has insisted on bringing his wife from their Bologna home to a flat in the Palazzo Chigi. Friends say she has been a great support since he entered politics.

Mr Prodi came late to parliamentary politics. But he was no neophyte when he agreed to head the centre-left Olive Tree coalition as an independent figure - uniting former Communists, Socialists and Christian Democrats.

Running IRI, the giant state holding company, twice for a total of nearly nine years, and especially his stint from 1983-89, exposed him to the machinations of the Christian Democrat-dominated political establishment. He describes this period as "my Vietnam" - having to fight off the predatory demands of a corrupt political class.

Since he assumed the leadership last May of Italy's first post-war government controlled by the left, his amiable professorial image has gone down well with the public. But he is an

uncomfortable public performer and he is at his best away from the spotlight. His natural inclination is to settle disputes, without confrontation, round a table. "I'm someone who never seeks to provoke a row," he said this week.

For this approach, he is often seen as being in the classic tradition of Italian Christian Democrat politics, navigating by sight with a compromise forever up his sleeve. This week's events have certainly laid bare his limitations as a leader and as a politician.

"The big political mistake

made by the prime minister," observes Mr Sergio Romano, a leading commentator, "has been in not understanding and foreseeing that the Albanian crisis would expose the limits and anomalies of his parliamentary majority."

According to Mr Romano, he overestimated his ability to steer between conflicting pressures. These came from Mr Bertinotti and Mr Massimo D'Alema, the leader of the party of the Democratic Left, the dominant partner in the government.

The crisis has served cruelly to expose two uncon-

fortable realities, which are likely to lead to Mr Prodi's eventual demise. First, he has no political base of his own. Attempts during the past 11 months to forge the Olive Tree coalition into a party have failed. They have foundered on the objections of Mr D'Alema who wants to retain the hegemony of the Democratic Left.

More importantly Mr D'Alema, as chief shareholder in the coalition, exercises a right of veto over government policy and often deals directly on big policy issues with Mr Silvio Berlusconi, the leader of the rightwing opposition. There was an embarrassing incident earlier this year when Mr D'Alema eclipsed the prime minister by visiting German Chancellor Helmut Kohl the day before Mr Prodi was to be received in Bonn.

Second, the government's majority has been largely fictitious. Mr Bertinotti and fellow nostalgic Marxists provide 35 essential votes in the chamber of deputies for the majority. But they have never endorsed the government programme and have gradually increased their leverage by threatening to withhold their support on vital issues such as privatisation and pension reform.

By allowing Reconstructed Communism to come back into the fold after voting against the government Mr Prodi has merely underlined the fragility of this parliamentary majority.

"Prodi hears a lot of blame for Bertinotti's power of blackmail," says a member of the Democratic Left. "He has allied with Bertinotti to offset our dominance of the coalition and reduce the scope for D'Alema to tell him what to do from outside."

Mr Prodi will enjoy a breathing space until the end of June while a special parliamentary commission draws up proposals for constitutional reform. During this time he has to convince Reconstructed Communism to accept that the 1998 budget contains cuts in welfare and further reform of pensions. If not, he will probably be forced to step down.



Japan's professional football league, or J.League, kicks off for the 1997 championship tomorrow with much more at stake than the title.

The J.League was launched in a blaze of marketing hype in 1993. For the first two seasons stadiums were packed with flag-waving fans in uniforms and matching face paint. On television, soccer seemed set to oust the national sport of baseball from the top of the ratings.

But last year some stadiums looked rather sparsely filled, and television viewers were also switching off. The average crowd per match dropped 21 per cent, and J.League revenue was down 19.5 per cent. League officials have admitted that the soccer boom is over.

"Of course the fashion has gone, we realise that," says Takeshi Sano, the league's spokesman.

"They now have new tactics in mind. Our real aim is to promote a sports culture in Japan - we want our J.League teams to be hometown clubs." The league hopes to attract dedicated fans rather than trend followers by encouraging clubs to put down roots in the community.

The need to attract fans is made keener by the approach of the 2002 World Cup, of which Japan is the co-host with South Korea. After a vicious bidding competition between the former enemies, world football governing body Fifa decided they should split the event between them. But football is better established in South Korea than Japan, and it could be embarrassing and expensive if matches held in Japan are poorly attended while Korean stadiums are packed.

"Our main target is the younger generation - teenagers, 20s and early 30s," says Sano. Older sports fans are die-hard baseball or golf fans but younger people have often played soccer at school.

The J.League's first weapon is a ¥300m (\$2.4m) television advertising campaign. The 15-second slots, screened this week, show J.League stars in action on top of a 200m-high building, more will follow this year.

One reason for falling attendances is the league's expansion. Four teams have joined since 1995, and Vissel Kobe will bring the total to 17 this year. Newcomers have lower average attendances than longer-established clubs, some of which are still gaining popularity - the Urawa Red Dia-

## Hopes for a draw

Bethan Hutton on efforts to rekindle the appeal of soccer in Japan



Heart-throb: Maesonzo

monds drew an average 24,329 fans to each match last year, better than any other club, and more than in previous years.

The Reds finished last season in only sixth place, but have managed to inspire great loyalty by promoting club membership and giving preferential treatment to local supporters. Other clubs are trying to emulate their success.

Discounts for advance ticket purchases, family passes and occasional free tickets for school groups are becoming standard fare. In what could be seen as desperation, meanwhile, Yokohama Flügels are enticing back supporters by giving away Tamagotchi toys, the "virtual chicken" keyring games that have taken Japan by storm.

Yokohama have just lost their star player, the young heart-throb Masakiyo Maesonzo, to another club. However, the club is sponsored by Bandai, the maker of Tamagotchi, so ticketholders at the first few games of the season are being entered in a Tamagotchi lottery as an alternative attraction.

Tamagotchis are particularly popular with teenage girls, who used to be one of

J.League's main targets. At the launch, the league was probably taking market share away from teenybop pop groups, as much as from other sports. The tastes of teenage girls are fickle, however.

Merchandising, which used to account for the largest proportion of revenue to the J.League, has been badly hit by the loss of young female fans. Japanese teenage girls and young women apparently spend much more on logo-covered objects than their brothers and fathers. Merchandising royalties from Sony Creative Products, which has monopoly rights to produce such items as souvenirs and replica uniforms for the J.League and all the clubs, plummeted from ¥3.6bn in 1993 to ¥844m last year and a projected ¥760m this year.

One form of revenue not in serious decline is sponsorship. The J.League signed three-year agreements with nine companies last year, so in spite of falling television ratings and attendances, sponsorship income should remain relatively steady. The league expects ¥4.4bn of sponsorship this year, compared with ¥4.7bn last year and ¥3.8bn in 1995. Individual clubs can also arrange their own sponsorship and advertising at local level, though this probably only brings in significant revenues for bigger clubs such as Verdy Kawasaki.

Income from broadcasting fees should increase this year, even though fans will have a harder time watching games from outside their area. The free-to-air commercial stations have lost interest in football, but two satellite pay-TV broadcasters have picked it up, and NHK, the national broadcaster, will show a few important games.

When the J.League started, few people going to matches knew anything about football, so the spectacle was all. Now Japan may be ready to take football more seriously.

The national team's unexpected win over Brazil in the Olympic Games last year was one boost to the game's standing at home. Japan also won all three of their matches in Oman last month in the Asian preliminaries for the 1998 World Cup.

Building up soccer's popularity after the collapse of initial enthusiasm will be difficult. But Japan's political and commercial investment in it during the past four years has been so substantial that its promoters are not likely to let the game take an early bath.



## CURRENCIES AND MONEY

## Dollar gains

## MARKETS REPORT

By Simon Kuper

The dollar rose against the D-Mark, as strong US retail sales and producer price figures persuaded the markets that the Federal Reserve was likely to raise interest rates again in May.

The market's growing confidence that European monetary union would happen on schedule also dented the D-Mark. It fell 15 against the lira to 1985 and softened against the peseta.

Even the fall in US equities and bonds, prompted by fears of a rate rise, failed to weaken the dollar. It gained 0.7 pence against the D-Mark, to close in London at DM1.724.

But the US currency was unchanged against the yen at ¥126.1, held back by recent comments from Tokyo officials suggesting that Japan was ready to intervene in the markets to

support the yen.

The dollar's rise forced the Bank of Canada to intervene in the market to defend its currency. The Canadian dollar closed half a cent softer at C\$1.386 against the dollar.

In later US trading the dollar softened slightly after Mr Theo Waigel, Germany's finance minister, said he would take a tough line on the fiscal criteria for EMU, and Mr Alfred Broadbent, president of the Richmond Fed, said it was possible the

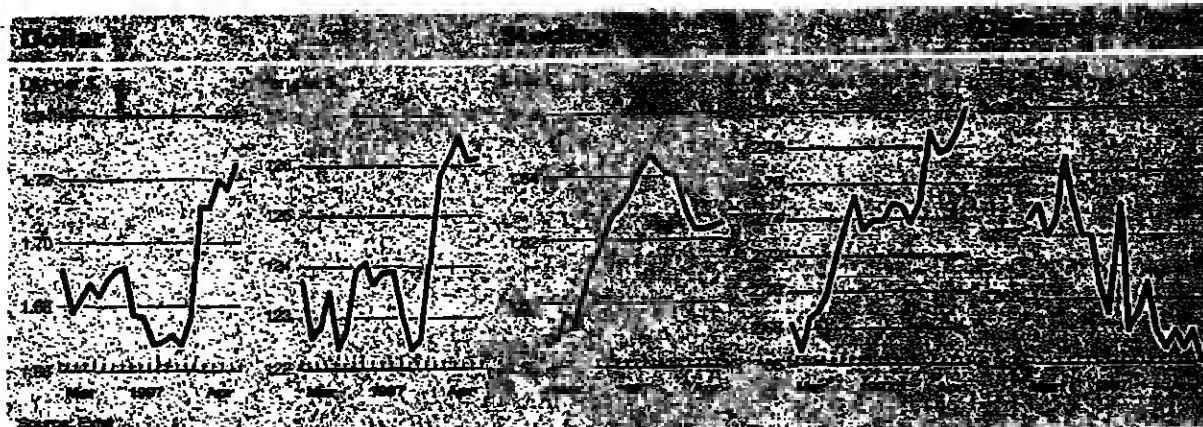
dollar would weaken later in the year.

The pound gained 1.4 pence against the D-Mark, breaking through the key DM2.80 level to close in London at DM2.802. One analyst said he foresaw the pound hitting DM3.10.

Portugal took advantage of growing optimism over EMU to cut its interest rates. The repurchase rate fell 90 basis points to 6.50 per cent, and the discount rate dropped from 6.50 per cent to 5.80. The emergency lending rate was cut from 8.50 per cent to 7.50 per cent. The escudo, which has gained in recent days, rose again to close at Esc99.96 against the D-Mark—its first break through Esc100 since January. Some analysts forecast that Spain will soon also cut its rates.

Japan signalled on Thursday that it was ready to start selling some of its dollar stocks. Many in the market expect intervention if the dollar rises above ¥127. But would intervention succeed, even if it is attempted?

Mr Ian Gunner, senior economist at Chase in London, is sceptical. He uses two arguments. Firstly, the US may not join in any intervention. Mr Robert Rubin, US treasury secretary, believes that markets, not



governments, should determine currency prices. An intervention by Japan alone may fail to move the market.

Secondly, says Mr Gunner, "the economic fundamentals will not really support intervention". He agrees with Mr Rubin that the dollar is strong because the US economy is strong—in other words, that the markets have the exchange rate more or less right. Mr Kij Juckes, currency strategist at NatWest Markets in London, says it will take more than a

Bank of Japan intervention to persuade Japanese investors that they should keep their money at home, where yields are about 400 basis points lower than in the US.

The major central banks have learned over the years only to intervene when the fundamentals are on their side, says Mr Gunner. "The intervention just wouldn't feel right. We see a good chance of ¥130 over the next few weeks." Next week could provide the test of Japanese willingness to intervene.

Bank of Japan intervention to persuade Japanese investors that they should keep their money at home, where yields are about 400 basis points lower than in the US.

The major central banks have learned over the years only to intervene when the fundamentals are on their side, says Mr Gunner. "The intervention just wouldn't feel right. We see a good chance of ¥130 over the next few weeks." Next week could provide the test of Japanese willingness to intervene.

Bank of Japan intervention to persuade Japanese investors that they should keep their money at home, where yields are about 400 basis points lower than in the US.

The major central banks have learned over the years only to intervene when the fundamentals are on their side, says Mr Gunner. "The intervention just wouldn't feel right. We see a good chance of ¥130 over the next few weeks." Next week could provide the test of Japanese willingness to intervene.

## POUND SPOT FORWARD AGAINST THE POUND

Apr 11	Closing mid-point	Change on day	Settlement spread	Day's mid	High	Low	One month	Three months	One year	Bank of England
Europe	18.7167	-0.0022	0.0000	18.7207	18.6971	18.7322	2.6	18.6167	2.0	-
Austria	(Sch)	57.8157	-0.0027	0.0000	57.8207	57.8007	2.6	57.4307	2.7	103.3
Belgium	(Bfr)	10.6708	-0.0025	0.0000	10.6758	10.6658	2.6	10.6051	2.6	103.5
Denmark	(DKr)	6.3867	-0.0028	0.0000	6.3917	6.3817	2.6	6.3161	2.6	103.5
France	(FFr)	6.4248	-0.0025	0.0000	6.4298	6.4198	2.6	6.3592	2.6	103.5
Germany	(DM)	2.8015	-0.0021	0.0000	2.8065	2.7915	2.6	2.7315	2.6	103.5
Greece	(Dr)	44.2540	-0.0021	0.0000	44.2590	44.2490	2.6	43.8790	2.6	103.5
Ireland	(Ir£)	1.0504	-0.0017	0.0000	1.0554	1.0454	2.6	1.0404	2.6	103.5
Italy	(Lit)	270.006	-0.0028	0.0000	270.016	269.996	2.6	269.616	2.6	103.5
Luxembourg	(Lfr)	57.8157	-0.0027	0.0000	57.8207	57.8007	2.6	57.4307	2.7	103.3
Netherlands	(Gld)	3.1484	-0.0025	0.0000	3.1534	3.1434	2.6	3.0734	2.6	103.5
Norway	(Nkr)	11.2204	-0.0025	0.0000	11.2254	11.2154	2.6	11.1504	2.6	103.5
Portugal	(Esc)	280.060	-0.0028	0.0000	280.070	279.940	2.6	279.560	2.6	103.5
Spain	(Pta)	235.002	-0.0027	0.0000	235.012	234.982	2.6	234.602	2.6	103.5
Sweden	(Skr)	12.4948	-0.0025	0.0000	12.5048	12.4848	2.6	12.4148	2.6	103.5
Switzerland	(Sfr)	2.3583	-0.0022	0.0000	2.3633	2.3533	2.6	2.2833	2.6	103.5
UK	(£)	1.4344	-0.0006	0.0000	1.4394	1.4294	2.6	1.4275	1.6	1.4204
SDH	(£)	1.16908	-	-	-	-	-	-	-	-

Apr 11	Closing mid-point	Change on day	Settlement spread	Day's mid	High	Low	One month	Three months	One year	JP Morgan
Europe	12.7337	-0.0025	0.0000	12.7387	12.7187	12.7587	1.5	12.6737	2.0	11.8787
Austria	(Sch)	57.8157	-0.0027	0.0000	57.8207	57.8007	2.6	57.4307	2.7	103.3
Belgium	(Bfr)	10.6708	-0.0025	0.0000	10.6758	10.6658	2.6	10.6051	2.6	103.5
Denmark	(DKr)	6.3867	-0.0028	0.0000	6.3917	6.3817	2.6	6.3161	2.6	103.5
France	(FFr)	6.4248	-0.0025	0.0000	6.4298	6.4198	2.6	6.3592	2.6	103.5
Germany	(DM)	2.8015	-0.0021	0.0000	2.8065	2.7915	2.6	2.7315	2.6	103.5
Greece	(Dr)	44.2540	-0.0021	0.0000	44.2590	44.2490	2.6	43.8790	2.6	103.5
Ireland	(Ir£)	1.0504	-0.0017	0.0000	1.0554	1.0454	2.6	1.0404	2.6	103.5
Italy	(Lit)	270.006	-0.0028	0.0000	270.016	269.996	2.6	269.616	2.6	103.5
Luxembourg	(Lfr)	57.8157	-0.0027	0.0000	57.8207	57.8007	2.6	57.4307	2.7	103.3
Netherlands	(Gld)	3.1484	-0.0025	0.0000	3.1534	3.1434	2.6	3.0734	2.6	103.5
Norway	(Nkr)	11.2204	-0.0025	0.0000	11.2254	11.2154	2.6	11.1504	2.6	103.5
Portugal	(Esc)	280.060	-0.0028	0.0000	280.070	279.940	2.6	279.560	2.6	103.5
Spain	(Pta)	235.002	-0.0027	0.0000	235.012	234.982	2.6	234.602	2.6	103.5
Sweden	(Skr)	12.4948	-0.0025	0.0000	12.5048	12.4848	2.6	12.4148	2.6	103.5
Switzerland	(Sfr)	2.3583	-0.0022	0.0000	2.3633	2.3533	2.6	2.2833	2.6	103.5
UK	(£)	1.4344	-0.0006	0.0000	1.4394	1.4294	2.6	1.4275	1.6	1.4204
SDH	(£)	1.16908	-	-	-	-	-	-	-	-

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 11	Closing mid-point	Change on day	Settlement spread	Day's mid	High	Low	One month	Three months	One year	JP Morgan
Europe	12.7337	-0.0025	0.0000	12.7387	12.7187	12.7587	1.5	12.6737	2.0	11.8787
Austria	(Sch)	57.8157	-0.0027	0.0000	57.8207	57.8007	2.6	57.4307	2.7	103.3
Belgium	(Bfr)	10.6708	-0.0025	0.0000	10.6758	10.6658	2.6	10.6051	2.6	103.5
Denmark	(DKr)	6.3867	-0.0028	0.0000	6.3917	6.3817	2.6	6.3161	2.6	103.5
France	(FFr)	6.4248	-0.0025	0.0000	6.4298	6.4198	2.6	6.3592	2.6	103.5
Germany	(DM)	2.8015	-0.0021	0.0000	2.8065	2.7915	2.6	2.7315	2.6	103.5
Greece	(Dr)	44.2540	-0.0021	0.0000	44.2590	44.2490	2.6	43.8790	2.6	103.5
Ireland	(Ir£)	1.0504	-0.0017	0.0000	1.0554	1.0454	2.6	1.0404	2.6	103.5
Italy	(Lit)	270.006	-0.0028	0.0000	270.016	269.996	2.6	269.616	2.6	103.5
Luxembourg	(Lfr)	57.8157	-0.0027	0.0000	57.8207	57.8007	2.6	57.4307	2.7	103.3
Netherlands	(Gld)	3.1484	-0.0025	0.0000	3.1534	3.1434	2.6	3.0734	2.6	103.5
Norway	(Nkr)	11.2204	-0.0025	0.0000	11.2254	11.2154	2.6	11.1504	2.6	103.5
Portugal	(Esc)	280.060	-0.0028	0.0000	280.070	279.940	2.6	279.560	2.6	103.5
Spain	(Pta)	235.002	-0.0027	0.0000	235.012	234.982	2.6	234.602	2.6	103.5
Sweden	(Skr)	12.4948	-0.0025	0.0000	12.5048	12.4848	2.6	12.4148	2.6	103.5
Switzerland	(Sfr)	2.3583	-0.0022	0.0000	2.3633	2.3533	2.6	2.2833	2.6	103.5
UK	(£)	1.4344	-0.0006	0.0000	1.4394	1.4294	2.6	1.4275	1.6	1.4204
SDH	(£)	1.16908	-	-	-	-	-	-	-	-

Apr 11	Closing mid-point	Change on day	Settlement spread	Day's mid	High	Low	One month	Three months	One year	JP Morgan
Europe	12.7337	-0.0025	0.0000	12.7387	12.7187	12.7587	1.5	12.6737	2.0	11.8787
Austria	(Sch)	57.8157	-0.0027	0.0000	57.8207	57.8007	2.6	57.4307	2.7	103.3
Belgium	(Bfr)	10.6708	-0.0025	0.0000	10.6758	10.6658	2.6	10.6051	2.6	103.5
Denmark	(DKr)	6.3867	-0.0028	0.0000	6.3917	6.3817	2.6	6.3161	2.6	103.5
France	(FFr)	6.4248	-0.0025	0.0000	6.4298	6.4198	2.6	6.3592	2.6	103.5
Germany	(DM)	2.8015	-0.0021	0.0000	2.8065	2.7915	2.6	2.7315	2.6	103.5
Greece	(Dr)	44.2540	-0.0021	0.0000	44.2590	44.2490	2.6	43.8790	2.6	103.5
Ireland	(Ir£)	1.0504	-0.0017	0.0000	1.0554	1.0454	2.6	1.0404	2.6	103.5
Italy	(Lit)	270.006	-0.0028	0.0000	270.016	269.996	2.6	269.616	2.6	103.5
Luxembourg	(Lfr)	57.8157	-0.0027	0.0000	57.8207	57.8007	2.6	57.4307	2.7	103.3
Netherlands	(Gld)	3.1484	-0.0025	0.0000	3.1534	3.1434	2.6	3.0734	2.6	103.5
Norway	(Nkr)	11.2204	-0.0025	0.0000	11.2254	11.2154	2.6	11.1504	2.6	103.5
Portugal	(Esc)	280.060	-0.0028	0.0000	280.070	279.940	2.6	279.560	2.6	103.5
Spain	(Pta)	235.002	-0.0027	0.0000	235.012	234.982	2.6	234.602	2.6	103.5
Sweden	(Skr)	12.4948	-0.0025	0.0000	12.5048	12.4848	2.6	12.4148	2.6	103.5
Switzerland	(Sfr)	2.3583	-0.0022	0.0000	2.3633	2.3533	2.6	2.2833	2.6	103.5
UK	(£)	1.4344	-0.0006	0.0000	1.4394	1.4294	2.6	1.4275	1.6	1.4204
SDH	(£)	1.16908	-	-	-	-	-	-	-	-

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

	Apr 11	Closing mid-point	Change on day	Settlement spread	Day's mid	High	Low	One month	Three months	One year	JP Morgan
								month	month		Index
Europe	12.7337	-0.0025	0.0000	0.0000	12.7387	12.7187	12.7587	1.5	12.6737	2.0	11.8787
Austria	(Sch)	57.8157	-0.0027	0.0000	57.8207	57.8007	57.8407	2.6	57.4307	2.7	103.3
Belgium	(Bfr)	10.6708	-0.0025	0.0000	10.6758	10.6658	10.6858	2.6	10.6051	2.6	103.5
Denmark	(DKr)	6.3867	-0.0028	0.0000	6.3917	6.3817	6.4017	2.6	6.3161	2.6	103.5
France	(FFr)	6.4248	-0.0025	0.0000	6.4298	6.4198	6.4398	2.6	6.3592	2.6	103.5
Germany	(DM)	2.8015	-0.0021	0.0000	2.8065	2.7915	2.8165	2.6	2.7315	2.6	103.5
Greece	(Dr)	44.2540	-0.0021	0.0000	44.2590	44.2490	44.2690	2.6	43.8790	2.6	103.5
Ireland	(Ir£)	1.0504	-0.0017	0.0000	1.0554	1.0454	1.0654	2.6	1.0404	2.6	103.5
Italy	(Lit)	270.006	-0.0028	0.0000	270.016	269.996	270.036	2.6	269.616	2.6	103.5
Luxembourg	(Lfr)	57.8157	-0.0027	0.0000	57.8207	57.8007	57.8407	2.6	57.4307	2.7	103.3
Netherlands	(Gld)	3.1484	-0.0025	0.0000	3.1534	3.1434	3.1634	2.6	3.0734	2.6	103.5
Norway	(Nkr)	11.2204	-0.0025	0.0000	11.2254	11.2154	11.2354	2.6	11.1504	2.6	103.5
Portugal	(Esc)	280.060	-0.0028	0.0000	280.070	279.940	280.100	2.6	279.560	2.6	103.5
Spain	(Pta)	235.002	-0.0027	0.0000	235.012	234.982	235.042	2.6	234.602	2.6	103.5
Sweden	(Skr)	12.4948	-0.0025	0.0000	12.5048	12.4848	12.5248	2.6	12.4148	2.6	103.5
Switzerland	(Sfr)	2.35									



## UNIT TRUSTS

## WINNERS AND LOSERS

## TOP FIVE OVER 1 YEAR

Johnson Fry Slater Growth	1,407
Abbey Latin American	1,322
Gartmore UK Smaller Companies	1,298
Robust Latin American	1,270
Fleming Select Latin America	1,263

## Johnson Fry Slater Grth

Johnson Fry Slater Grth	1,407
Abbey Latin American	1,322
Gartmore UK Smaller Companies	1,298
Robust Latin American	1,270
Fleming Select Latin America	1,263

## BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	465
F&G Japanese Smaller Cos	534
Five Arrows Japan Smaller Cos	535
Edinburgh Japan Smaller Cos	549
Henderson Japan Smaller Cos	551

## TOP FIVE OVER 3 YEARS

Jupiter European	1,900
PM North America Growth	1,900
Johnson Fry Slater Growth	1,838
Gartmore UK Smaller Companies	1,814
Profligate Technology	1,810

## TOP FIVE OVER 5 YEARS

HSBC Hong Kong Growth	3,808
Mercury Gold & General	3,461
Hill Samuel UK Emerging Cos	3,338
GT Orient Acc	3,338
Jupiter Income	3,326

## TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	5,819
F&G US Small Companies	5,566
Hill Samuel US Smaller Cos	5,554
Gartmore Hong Kong	5,489
Abstract Far East Emerging Econ	5,222

## TOP FIVE OVER 15 YEARS

HSBC Hong Kong Growth	10,862
F&G US Small Companies	7,273
Hill Samuel US Smaller Cos	6,197
Gartmore Hong Kong	6,087
Abstract Far East Emerging Econ	4,908

## TOP FIVE OVER 20 YEARS

HSBC Hong Kong Growth	10,862
F&G US Small Companies	7,273
Hill Samuel US Smaller Cos	6,197
Gartmore Hong Kong	6,087
Abstract Far East Emerging Econ	4,908

## TOP FIVE OVER 25 YEARS

HSBC Hong Kong Growth	10,862
F&G US Small Companies	7,273
Hill Samuel US Smaller Cos	6,197
Gartmore Hong Kong	6,087
Abstract Far East Emerging Econ	4,908

## TOP FIVE OVER 30 YEARS

HSBC Hong Kong Growth	10,862
F&G US Small Companies	7,273
Hill Samuel US Smaller Cos	6,197
Gartmore Hong Kong	6,087
Abstract Far East Emerging Econ	4,908

## TOP FIVE OVER 35 YEARS

HSBC Hong Kong Growth	10,862
F&G US Small Companies	7,273
Hill Samuel US Smaller Cos	6,197
Gartmore Hong Kong	6,087
Abstract Far East Emerging Econ	4,908

## TOP FIVE OVER 40 YEARS

HSBC Hong Kong Growth	10,862
F&G US Small Companies	7,273
Hill Samuel US Smaller Cos	6,197
Gartmore Hong Kong	6,087
Abstract Far East Emerging Econ	4,908

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

## Indices

Average Unit Trust	867
Average Investment Trust	1105
Bank	1033
Building Society	1031
Stockmarket: FTSE All-Share	1133
Index	1027

## UK Growth

Johnson Fry Slater Growth	1407
Jupiter UK Growth	1133
Credit Suisse European Inc	1068
Perpetual UK Exempt	1110
Sanwa UK Growth	1044
SECTOR AVERAGE	1075

## UK Growth &amp; Income

Fleming Select UK Income	1165
Perpetual Income	1108
Fidelity UK Dividend Growth	1084
Lazard UK Income & Growth	1091
Co-op Pans Equity Dis	1160
SECTOR AVERAGE	1079

## UK Smaller Companies

Gartmore UK Smaller Companies	1296
Laurence Keen Smaller Cos	1163
AES Smaller Companies	1126
INVESTCO UK Smaller Companies	1201
Schroder Smaller Companies Inc	1240
SECTOR AVERAGE	1072

## UK Equity Income

Jupiter Income	1155
Lazard UK Income	1117
River & Mercantile 1st Income	1096
BWD UK Equity Income	1140
Britannia High Yield Inc	1097
SECTOR AVERAGE	1077

## UK Equity &amp; Bond Income

Cazenove UK Equity & Bond	1088
Profligate Extra Income	1044
Credit Suisse European Inc	1067
Prudential Distribution Inc	1063
CU PPT High Yield	1115
SECTOR AVERAGE	1095

## UK Eqty &amp; Bd

BWD Balanced Portfolio	1135
Perpetual High Income	1065
Credit Suisse High Income Port	1055
Henry Cooke Balanced	1088
NPI UK Extra Income Inc	1059
SECTOR AVERAGE	1068

## Gift &amp; Fixed Interest

Abstract Fixed Interest	1133
Thornhill Preference Inc	1065
M&G Gift & Fixed Interest	1112
Britannia Gift & Fixed Int Inc	1065
Henderson Preference & Bond	1089
SECTOR AVERAGE	1082

## International Equity Income

Martin Currie Intl Income	1088
GT International Income	1014
Dolphin Intl Gth & Income	1028
Mayflower Global Income	1032
M&G International Income	1011
SECTOR AVERAGE	1022

## International Fixed Interest

Saring Global Bond	1010
Barclays Intl European Bond Inc	1060
Old Mutual Worldwide Bond Inc	979
Mercury Global Bond Acc	962
TSB International Income Inc	982
SECTOR AVERAGE	928

## International Equity &amp; Bond

Bank of Ireland Ex Mgd Growth	1061
Cazenove Portfolio	1023
Fleming General Opportunities	1006
Gartmore PS Long Term Balance	1057
Basille Clifford Managed	1017
SECTOR AVERAGE	1010

## Profligate Technology

Profligate Technology	883
Framlington Health	856
Save & Prosper Growth	1129
Fidelity Global Privatisation	1061
Guinness Flight Global Priv	1141
SECTOR AVERAGE	980

## Nth America

PM North America Growth	1024
Hill Samuel US Smaller Co's	1017
Edinburgh North American	1086
Martin Currie North America	1084
Allied Dunbar European Spec St	1056
SECTOR AVERAGE	1002

## Europe

Jupiter European	1174
Baring Europe Select	1164
Friends Prov European Gth	1106
Gartmore European Sm Cos	1071
Allied Dunbar European Growth	1124
SECTOR AVERAGE	1084

## Japan

GT Japan Growth	832
Martin Currie Japan	758
Hill Samuel Japan Technology	722
Murray Japan Growth	728
Newton Japan	806
SECTOR AVERAGE	657

## Far East inc Japan

Govett Greater China	1079
Abstract Pacific	857
Waverley Pacific Basin	865
Martin Currie Far East	888
Thornhill International Income Inc	837
SECTOR AVERAGE	828

## Far East exc Japan

HSBC Hong Kong Growth	1225
GT Orient Acc	1085
Credit Suisse Orient Acc	829
INVESTCO Hong Kong & China	1156
Friends Prov Australian	994
SECTOR AVERAGE	873

## Commodity &amp; Energy

M&G Australian & General Acc	1088
M&G Commodity & General	825
Save & Prosper Commodity	840
Mercury Gold & General	714
Save & Prosper Gold & Exptn	893
SECTOR AVERAGE	812

## Best Peps

Jupiter European	1174
Johnson Fry Slater Growth	1407
Gartmore UK Smaller Companies	1296
Jupiter Income	1155
Jupiter UK Growth	1133
AVERAGE UT PEP	1061

## Money Mkt

Midland Money Market	1046
M&G Treasury	1047
Newton Cash Acc	1044
CU Deposit	1043
Fidelity Cash	1043
SECTOR AVERAGE	1038

## Investment Trust Units

Quilter Investment Trusts Inc	1080
Quilter High Inc Inv Trst Acc	1127
M&G Fund of Investment Trusts	1017
Equitable Trust of Invest Trst	1027
Singer & Friedlander Inv Trst	1039
SECTOR AVERAGE	1025

## Fund of Funds

Morgan Grenfell Managed Inc	1005
Schroder Managed Bal Acc Inst	1027
Sun Alliance Portfolio	1036
Britannia Managed Portfolio Inc	1029
Lloyds Bank Growth Portfolio	1037
SECTOR AVERAGE	988

## Financial &amp; Property

Save & Prosper Financial Secs	1225
Framlington Financial	1104
Hill Samuel Financial	1155
Edinburgh Financial	1107
Abstract Property Share	1232
SECTOR AVERAGE	1118

## Global Emerging Mkts

Mercury Emerging Markets	1102
Stewart Ivory Emerging Market	1144
City of London Emerging Mkts	870
Schroder Global Emerging Mkts	963
Save & Prosper Emerging Mkts	1018
SECTOR AVERAGE	1007

## INVESTMENT TRUSTS

## WINNERS AND LOSERS

## TOP FIVE OVER 1 YEAR

English National	4,026
Scottish National Capital	2,061
First Russian Frontier	1,614
Baring Emerging Europe	1,682
Primado	1,643

## First Russian Frontier

First Russian Frontier	1,614
Scottish National Capital	2,061
English National	4,026
Baring Emerging Europe	1,682
Primado	1,643

## BOTTOM FIVE OVER 1 YEAR

Korea Liberalisation Fund	446
Perpetual Japanese	483
M&G Equity Dividend	486
Fidelity Japanese Values	495
INVESTCO Japan Discovery	538

## TOP FIVE OVER 3 YEARS

TR Technology	2,627
Candover	2,364
Foreign & Col Enterprise	2,282
Kleinwort Development Fund	2,032
TR European Growth	1,984

## Fidelity Japan Values

Fidelity Japan Values	495
Perpetual Japanese	376
East German	394
Korea Liberalisation Fund	398
Fidelity Japanese Values	406
Baillie Gifford Shin Nippon	415

## TOP FIVE OVER 5 YEARS

TR Technology	13,322
Investco English & Intl	5,425
MCT Capital	4,706
Foreign & Col Enterprise	4,322
TR European Growth	4,018

## TOP FIVE OVER 10 YEARS

TR Technology	13,322
Investco English & Intl	5,425
MCT Capital	4,706
Foreign & Col Enterprise	4,322
TR European Growth	4,018

## TOP FIVE OVER 15 YEARS

TR Technology	13,322
Investco English & Intl	5,425
MCT Capital	4,706
Foreign & Col Enterprise	4,322
TR European Growth	4,018

## TOP FIVE OVER 20 YEARS

TR Technology	13,322
Investco English & Intl	5,425
MCT Capital	4,706
Foreign & Col Enterprise	4,322
TR European Growth	4,018

## TOP FIVE OVER 25 YEARS

TR Technology	13,322
Investco English & Intl	5,425
MCT Capital	4,706
Foreign & Col Enterprise	4,322
TR European Growth	4,018

## TOP FIVE OVER 30 YEARS

TR Technology	13,322
Investco English & Intl	5,425
MCT Capital	4,706
Foreign & Col Enterprise	4,322
TR European Growth	4,018

## TOP FIVE OVER 35 YEARS

TR Technology	13,322
Investco English & Intl	5,425
MCT Capital	4,706
Foreign & Col Enterprise	4,322
TR European Growth	4,018

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

## UK General

Mercury Keystone	1081
Fleming Cloverhouse	1207
Malvern UK Index	1198
Finsbury Trust	1206
Albany	1176
SECTOR AVERAGE	1312

## Int Cap Gth

Primado	1643
TR Technology (Units)	1228
RIT Capital Partners	1072
Electric and General	1118
Updown	1186
SECTOR AVERAGE	1070

## UK Capital Growth

Kleinwort 2nd Endowment Policy	1147
Ivory & Sims ISIS	1353
Kleinwort Endowment Policy	1044
Welsh Industrial	971
Broadgate	1014
SECTOR AVERAGE	1103

## Smaller Companies

INVESTCO English & Intl	1213
Henderson Strata	1133
Gartmore Smaller Companies	1347
Ivory & Sims UK Smaller Cos	1258
NorthWest Smaller Companies	1293
SECTOR AVERAGE	1114

## UK Income Growth

Value and Income	1192
TR City of London	1170
Investors Capital Units	1195
Morgan Grenfell Equity Income	1038
Fleming Inc & Cap (Units)	1189
SECTOR AVERAGE	1103

## Venture and Devt Cap

Candover	1398
Foreign & Col Enterprise	1585
Kleinwort Development Fund	1098
Dunedin Enterprise	1382
Thompson Clive	968
SECTOR AVERAGE	1135

## Int Income Growth

Murray International	1079
Securities Trust of Scotland	1163
British Assets Ordinary	1153
SECTOR AVERAGE	1140

## International General

Personal Assets	1176
Law Debenture Corporation	944
Scottish Eastern	1100
Second Alliance	1042
Brunner	1182
SECTOR AVERAGE	1074

## North America

North Atlantic Smaller Cos.	1106
American Opportunity	1032
Fleming American	1321
US Smaller Companies	1025
American	1135
SECTOR AVERAGE	1053

## Continental Europe

TR European Growth	1449
--------------------	------



● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

100-443887-100







\_\_\_\_\_

... ..

1. **NAME**  
 2. **DATE**  
 3. **TIME**  
 4. **LOCATION**  
 5. **WEATHER**  
 6. **WIND**  
 7. **SEA**  
 8. **TEMP**  
 9. **MOON**  
 10. **STARS**  
 11. **PLANETS**  
 12. **COMETS**  
 13. **OTHER**  
 14. **REMARKS**  
 15. **SKETCH**  
 16. **DESCRIPTION**  
 17. **MEASUREMENTS**  
 18. **ANALYSIS**  
 19. **CONCLUSIONS**  
 20. **SIGNATURE**  
 21. **DATE**  
 22. **TIME**  
 23. **LOCATION**  
 24. **WEATHER**  
 25. **WIND**  
 26. **SEA**  
 27. **TEMP**  
 28. **MOON**  
 29. **STARS**  
 30. **PLANETS**  
 31. **COMETS**  
 32. **OTHER**  
 33. **REMARKS**  
 34. **SKETCH**  
 35. **DESCRIPTION**  
 36. **MEASUREMENTS**  
 37. **ANALYSIS**  
 38. **CONCLUSIONS**  
 39. **SIGNATURE**  
 40. **DATE**  
 41. **TIME**  
 42. **LOCATION**  
 43. **WEATHER**  
 44. **WIND**  
 45. **SEA**  
 46. **TEMP**  
 47. **MOON**  
 48. **STARS**  
 49. **PLANETS**  
 50. **COMETS**  
 51. **OTHER**  
 52. **REMARKS**  
 53. **SKETCH**  
 54. **DESCRIPTION**  
 55. **MEASUREMENTS**  
 56. **ANALYSIS**  
 57. **CONCLUSIONS**  
 58. **SIGNATURE**  
 59. **DATE**  
 60. **TIME**  
 61. **LOCATION**  
 62. **WEATHER**  
 63. **WIND**  
 64. **SEA**  
 65. **TEMP**  
 66. **MOON**  
 67. **STARS**  
 68. **PLANETS**  
 69. **COMETS**  
 70. **OTHER**  
 71. **REMARKS**  
 72. **SKETCH**  
 73. **DESCRIPTION**  
 74. **MEASUREMENTS**  
 75. **ANALYSIS**  
 76. **CONCLUSIONS**  
 77. **SIGNATURE**  
 78. **DATE**  
 79. **TIME**  
 80. **LOCATION**  
 81. **WEATHER**  
 82. **WIND**  
 83. **SEA**  
 84. **TEMP**  
 85. **MOON**  
 86. **STARS**  
 87. **PLANETS**  
 88. **COMETS**  
 89. **OTHER**  
 90. **REMARKS**  
 91. **SKETCH**  
 92. **DESCRIPTION**  
 93. **MEASUREMENTS**  
 94. **ANALYSIS**  
 95. **CONCLUSIONS**  
 96. **SIGNATURE**  
 97. **DATE**  
 98. **TIME**  
 99. **LOCATION**  
 100. **WEATHER**  
 101. **WIND**  
 102. **SEA**  
 103. **TEMP**  
 104. **MOON**  
 105. **STARS**  
 106. **PLANETS**  
 107. **COMETS**  
 108. **OTHER**  
 109. **REMARKS**  
 110. **SKETCH**  
 111. **DESCRIPTION**  
 112. **MEASUREMENTS**  
 113. **ANALYSIS**  
 114. **CONCLUSIONS**  
 115. **SIGNATURE**  
 116. **DATE**  
 117. **TIME**  
 118. **LOCATION**  
 119. **WEATHER**  
 120. **WIND**  
 121. **SEA**  
 122. **TEMP**  
 123. **MOON**  
 124. **STARS**  
 125. **PLANETS**  
 126. **COMETS**  
 127. **OTHER**  
 128. **REMARKS**  
 129. **SKETCH**  
 130. **DESCRIPTION**  
 131. **MEASUREMENTS**  
 132. **ANALYSIS**  
 133. **CONCLUSIONS**  
 134. **SIGNATURE**  
 135. **DATE**  
 136. **TIME**  
 137. **LOCATION**  
 138. **WEATHER**  
 139. **WIND**  
 140. **SEA**  
 141. **TEMP**  
 142. **MOON**  
 143. **STARS**  
 144. **PLANETS**  
 145. **COMETS**  
 146. **OTHER**  
 147. **REMARKS**  
 148. **SKETCH**  
 149. **DESCRIPTION**  
 150. **MEASUREMENTS**  
 151. **ANALYSIS**  
 152. **CONCLUSIONS**  
 153. **SIGNATURE**  
 154. **DATE**  
 155. **TIME**  
 156. **LOCATION**  
 157. **WEATHER**  
 158. **WIND**  
 159. **SEA**  
 160. **TEMP**  
 161. **MOON**  
 162. **STARS**  
 163. **PLANETS**  
 164. **COMETS**  
 165. **OTHER**  
 166. **REMARKS**  
 167. **SKETCH**  
 168. **DESCRIPTION**  
 169. **MEASUREMENTS**  
 170. **ANALYSIS**  
 171. **CONCLUSIONS**  
 172. **SIGNATURE**  
 173. **DATE**  
 174. **TIME**  
 175. **LOCATION**  
 176. **WEATHER**  
 177. **WIND**  
 178. **SEA**  
 179. **TEMP**  
 180. **MOON**  
 181. **STARS**  
 182. **PLANETS**  
 183. **COMETS**  
 184. **OTHER**  
 185. **REMARKS**  
 186. **SKETCH**  
 187. **DESCRIPTION**  
 188. **MEASUREMENTS**  
 189. **ANALYSIS**  
 190. **CONCLUSIONS**  
 191. **SIGNATURE**  
 192. **DATE**  
 193. **TIME**  
 194. **LOCATION**  
 195. **WEATHER**  
 196. **WIND**  
 197. **SEA**  
 198. **TEMP**  
 199. **MOON**  
 200. **STARS**  
 201. **PLANETS**  
 202. **COMETS**  
 203. **OTHER**  
 204. **REMARKS**  
 205. **SKETCH**  
 206. **DESCRIPTION**  
 207. **MEASUREMENTS**  
 208. **ANALYSIS**  
 209. **CONCLUSIONS**  
 210. **SIGNATURE**  
 211. **DATE**  
 212. **TIME**  
 213. **LOCATION**  
 214. **WEATHER**  
 215. **WIND**  
 216. **SEA**  
 217. **TEMP**  
 218. **MOON**  
 219. **STARS**  
 220. **PLANETS**  
 221. **COMETS**  
 222. **OTHER**  
 223. **REMARKS**  
 224. **SKETCH**  
 225. **DESCRIPTION**  
 226. **MEASUREMENTS**  
 227. **ANALYSIS**  
 228. **CONCLUSIONS**  
 229. **SIGNATURE**  
 230. **DATE**  
 231. **TIME**  
 232. **LOCATION**  
 233. **WEATHER**  
 234. **WIND**  
 235. **SEA**  
 236. **TEMP**  
 237. **MOON**  
 238. **STARS**  
 239. **PLANETS**  
 240. **COMETS**  
 241. **OTHER**  
 242. **REMARKS**  
 243. **SKETCH**  
 244. **DESCRIPTION**  
 245. **MEASUREMENTS**  
 246. **ANALYSIS**  
 247. **CONCLUSIONS**  
 248. **SIGNATURE**  
 249. **DATE**

**NOTES**  
 Green: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax.  
 Red: Rate of interest payable after allowing for deduction of basic rate income tax.  
 Green CAGR: Gross rate annualised taking account of compounding of interest paid after than once a year. Compounded Annual Rate.  
 M/C: Frequency at which interest is credited to







**FT MANAGED FUNDS SERVICE**

● FT Cityline Unit Trust Prices: dial 0800 430010 and key in a 5 digit code listed below. Calls are charged at 50p per minute at all times. International access available by subscription only. For more details call the FT Cityline Help Desk on (+44 171) 573 4378.

Fund Name		Assets		YTD		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M		3-M		6-M		9-M		12-M	
-----------	--	--------	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--	-----	--	-----	--	-----	--	------	--



### Offshore Insurances and Other Funds

### Offshore Insurances and Other Funds

[illegible]











Highs & Lows shown on a 52 week basis

# WORLD STOCK MARKETS

## NORTH AMERICA

UNITED STATES (Apr 11/US\$)

(4 pm close)

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

NYSE

## EUROPE

UNITED KINGDOM (Apr 11/£)

(4 pm close)

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

FTSE 100

## ASIA

HONG KONG (Apr 11/US\$)

(4 pm close)

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100

HK 100



## WORLD STOCK MARKETS

21

## Rate worries push Dow sharply down

## AMERICAS

US share prices tumbled yesterday amid signs of strength in the economy that caused concern that the Federal Reserve would raise interest rates again in the near term, writes Lisa Branson in New York.

At 3pm, the Dow Jones Industrial Average was off 105.55 at 6,437.50 - almost 11 points below the level at which the blue-chip index started the day. So far this year the Dow has yet to close below the 6,448.27 point level at which it began 1997.

Meanwhile, the more broadly traded Standard & Poor's 500 dropped 14.25 at 744.09. Volume on the NYSE came to 233m shares.

Especially negative for equities was a sharp fall on the bond market, which sent the yield on the benchmark 30-year Treasury to 7.178 per cent, its highest level since July of last year.

Both the stock and bond markets were worried by stronger than expected data on producer prices and retail sales that suggested the Fed would have to put a brake on the economy with more interest rate increases.

Economists had been divided about whether last month's rate increase was a one-off event or the first in a series.

Interest rate-sensitive banks were especially hard hit. Chase Manhattan Bank lost \$3 at \$91.1, Citicorp

dropped \$4 at \$105.4, BankAmerica shed \$3 at \$102.4, and NationsBank was \$14 down at \$56.1. J.P. Morgan, which is a component of the Dow, lost \$2 at \$55.7.

Technology stocks also tumbled. The Nasdaq composite, which is weighted towards the sector, lost 20.58 at 1,215.19, and the Pacific Stock Exchange technology index, which contains Nasdaq and NYSE-traded shares, fell 2.5 per cent.

All four of the Nasdaq's largest companies were lower. Intel, which is expected to report quarterly earnings on Monday, shed \$4 at \$133.4. Microsoft lost \$1 at \$85.4. Cisco Systems weakened \$1 at \$51.4 and Oracle was \$1 lower at \$36.4.

TORONTO moved steeply lower in line with the early sell-off on Wall Street, with bank stocks in particular reacting with a violent downward to the latest fears of a US interest rate increase.

At noon, the 300 composite index was off 73.11 at 5,717.00.

The upsurge for US producer prices in March put bank stocks firmly on the defensive.

Royal Bank of Canada fell \$1.25 to \$31.35 and Bank of Nova Scotia came off \$1.35 to \$34.80. Bank of Montreal closed off \$1.20 at \$34.6. Golds were also flat.

Barrick Gold eased 60 cents to \$32.70.

## Sao Paulo slips 1.4%

The early shakeout on Wall Street took its toll of senior Latin American markets. SAO PAULO was 1.4 per cent lower at mid-session, sliding 136 to 8,597 on the Bovespa index. Telebras, the telecoms giant, was a leading culprit. The shares came off \$31.90 or 1.6 per cent to \$31.80, succumbing to profit-taking.

MEXICO CITY was hit by the poor sentiment on Wall Street plus a sharp upward move for money market

rates as the peso weakened. Telcel slipped 12 centavos to 16.08 pesos, accounting for more than 40 per cent of the morning's low turnover. At mid-session, the IPC index was 33.32 lower at 3,788.43.

SANTIAGO pushed into the background hopes for a cut in local interest rates and marked shares lower through a morning of dull volume. At mid-session, the IBC index was 6,242.53, down 6.89.

## EUROPE

Leading bourses, tentatively higher at the opening, spun round on the downside once the latest US producer prices flashed across traders' screens.

FRANKFURT turned in a more resilient performance than most after another strong session for Volkswagen, which surged DM76.50 or 7.7 per cent to DM1,072.5 for a two-day advance of more than 13 per cent.

Thursday's press conference, with its clearer insights into group accounting and news of strong sales at the start of 1997, sparked dramatic earnings upgrades by brokers.

Both Deutsche Morgan Grenfell and James Capel hoisted earnings per share estimates for this year to DM65 - almost double earlier forecasts - and set three-month target prices for the stock of around DM130.

Daimler-Benz, which holds its annual press jamboree on Wednesday, added a further DM3.80 to DM134.50, but



Volkswagen Share price and index (rebase)

BMW ran into profit-taking, slipping DM41.00 to DM1,398. Continental, the tyre giant, found itself caught in the motor euphoria, gaining 80 pf to DM37.40. At the close the Dax was off 38.24 at an index of 3,319.24.

PARIS edged ahead during a morning of dull volume but turned tail in the early afternoon and the CAC 40 index closed off 33.41 at 2,674.56. Promodes was back in the thick of the takeover gossip, slipping FF48.00 to

FF41.92 after a further furious round of denials from the company of stories that it was planning a bid for its rival retailer, Casino. The latter ended FF25.50 better at FF258.55.

Peugeot, helped by the upturn in European motor sentiment created by this week's profit disclosures from VW, added FF8 to FF264 ahead of next week's results statement.

Rhône-Poulenc, which hosts an analysts meeting on Tuesday, came off FF41.10 to FF174.2.

Suez and Lyonnaise des Eaux, which announced the details of their planned merger, were both suspended at the start of trading.

AMSTERDAM saw sharp falls at Hoogovens and Bols-Wessanen as the AEX index shed 9.08 to 724.38.

Royal Dutch managed to keep its head above water, adding F1.50 to F131.80 after positive comment from ABN Amro Hoare Govett.

But there was little joy elsewhere. Hoogovens fell F1.50 or 4.9 per cent to F187.30 and

## FTSE Actuaries Share Indices

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE 100	2178.36	2181.25	2181.49	2182.34	2181.34	2178.28	2172.74	2170.87
FTSE 250	2208.47	2207.90	2208.87	2208.14	2208.08	2203.04	2195.93	2193.75

	Apr 10	Apr 9	Apr 8	Apr 7	Apr 4
FTSE 100	2170.14	2169.11	2147.41	2185.34	2160.19
FTSE 250	2183.00	2182.60	2170.87	2164.76	2130.75

Data value 1000 (1994/95). Highway 100 - 2163.77; 200 - 2214.68; 300 - 2163.77; 400 - 2163.77; 500 - 2163.77; 600 - 2163.77; 700 - 2163.77; 800 - 2163.77; 900 - 2163.77; 1000 - 2163.77.

## THE WEEK'S CHANGES

	% Change
Zurich	+5.20
Milan	+3.23
Frankfurt	+2.59
Amsterdam	+2.25
Paris	+2.24

recent laggard, put in a strong performance. The SMI index turned back from a high of 4,600.5 to close 22.4 weaker at 4,704.3.

UBS jumped SF20 to SF1307 on demand triggered by follow-up buying after a large block of UBS

options was bought by a non-Swiss investor or investors late on Thursday. Rumours that the bank planned an acquisition, a co-operation deal or a major restructuring step which would be unveiled at the annual shareholder meeting scheduled for April 17, were also said to be rife.

Other strong performers included Holzerbank, SF19 higher at SF11.121, supported by a CSFB recommendation, and Alusuisse, which added SF9 to SF11.181, making up for recent losses.

Roche certificates lost SF90 to SF12.250 after a local newspaper revived long-standing rumours that the company was in talks to acquire and break up Zenca

of the UK. Baloise gained SF40 to SF22.910 on renewed talk that the group might be planning a major restructuring.

MILAN pulled back from its best levels but still closed higher on the day as the market put aside the week's political worries and chose instead to focus on the prospect for lower domestic interest rates.

The Comit index was up 3.71 at 756.62 while the real-time Mibtel index turned back from 12,012 to close 77 higher on the day at 12,079.

Fiat jumped L117 to L5.77 on a wave of buying prompted by Volkswagen's performance in Frankfurt following its positive business outlook for 1997.

Oliveretti, the information technology group, supported by an early L586 after a spokesman squashed speculation that the company planned a capital increase.

Subsequently, the shares turned back to close L2.7 weaker at L562.8.

Written and edited by Michael Morgan and Jeffrey Brown

## Nikkei rebounds as NCB leads banks higher

## ASIA PACIFIC

Tokyo rebounded as Nippon Credit Bank continued to climb on Thursday's news of its tie-up with Bankers Trust, and buying interest revived in other bank shares. However, some market-leading international blue chips, particularly in the electronics sector, fell on profit-taking, writes Gwen Robinson.

The Nikkei 225 average jumped 361.23 to 17,846.98 after moving between 17,447.64 and 17,668.99.

Traders attributed much of the rise in prices to short-term factors including dealers' short-covering after the market's recent decline, and transactions related to special quotations for setting options trading for April contracts.

Volume fell slightly from 497m shares to an estimated 485m. Advances led declines 666 - 439 with 143 unchanged. The Toxix index of all first-section stocks rose

15.71 to 1,336.53 and the capital-weighted Nikkei 500 was up 2.94 at 259.67.

In London, the ISE/Nikkei 50 index picked up 0.72 to 1,442.40.

Nippon Credit Bank was the day's most active issue, adding ¥50 to close at its limit high of ¥240. Other banks revived in the afternoon after extending their recent slide earlier in the day.

Sakura Bank added ¥5 to ¥610 after falling at one point to ¥585. Dai-ichi Kangyo Bank gained ¥30 to ¥1,170 and Bank of Tokyo-Mitsubishi, ¥30 to ¥1,730.

Real estate-related issues were the day's winners, rising more than 3 per cent as a sector on new confidence that rents in central urban locations had bottomed out. Mitsubishi Estate added ¥60 to ¥1,430 and Mitsui Fudosan rose ¥50 to ¥1,340.

General contractors, however, continued their recent slide. Obayashi fell ¥4 to ¥632.

## THE WEEK'S CHANGES

	% Change
Taipei	+2.7
Hong Kong	+2.6
Bombay	+2.5
Kuala Lumpur	+2.2
Tokyo	+1.7
Singapore	-0.3

Some leading blue chips also retreated after substantial gains in recent weeks, although blue-chip laggards gained ground. TDK fell ¥110 to ¥880, Sharp ¥40 to ¥1,500 and Honda ¥10 to ¥3,770. But Hitachi advanced ¥30 to ¥1,150 and Toshiba added ¥10 to ¥713.

Retailers broadly retreated. Jasco, the supermarket operator, fell ¥10 to ¥3,670 in spite of Thursday's strong results. Takashimaya fell ¥20 to ¥1,110 and Daimaru ¥23 to ¥462.

In Osaka, the OSE average added 112.17 to 18,715.60 and volume rose to 20.4m shares.

HONG KONG finished on a strong note as hopes that

the market had hit a short-term bottom spurred buying in the oversold banking sector. The Hang Seng index rose 157.90 or 1.3 per cent, at 12,516.60, in turnover that continued to climb to HK\$9.3bn.

HSBC Holdings rose HK\$3 to HK\$184 and Hang Seng Bank gained HK\$1.75 to HK\$81.50.

China-related shares remained in demand, taking the H-share index up 29.88 to 1,034.90.

SINGAPORE fell sharply late in the day, led down by tumbling property stocks amid rumours that the government was planning sweeping changes to the public housing market, including higher interest rates for loans.

The SES property index closed off its lows but was still down 5.1 per cent while the Straits Times Industrial index lost 18.79 to 2,063.48.

KUALA LUMPUR reversed a mild recovery seen early in the week, undermined by

concerns over slower profits and growth as a result of new restrictions by Bank Negara on property and stock loans. The composite index sank more than 2 per cent in intra-day business before clipping the losses to close 9.60 lower at 1,138.36.

TAIPEI was mixed in cautious trade attributed to the central bank's latest drive to tighten money market liquidity by pushing the overnight interbank rate to 7.001 per cent at Thursday's close. The weighted index closed just 8.96 higher at 8,593.08 in turnover of a hectic T\$1.74bn.

Electronics, however, rose 3.5 per cent, led by Taiwan Semiconductor which surged the daily 7 per cent limit to T\$95 on word that it planned a new T\$400bn microchip project.

BOMBAY faltered in afternoon trading after the United Front government said there had been no change of leadership ahead of last night's key parlia-

mentary confidence vote. The BSE-30 index closed 35.36 higher at 3,533.73, after an early low of 3,512.05. This reflected afternoon optimism caused by news that the United Front coalition and the Congress party were holding talks aimed at finding a successor to the prime minister, Mr H D Deve Gowda, which would avoid the need for early elections.

## SOUTH AFRICA

Shares in Johannesburg moved lower across the board with the all-share index closing off 23.1 at 7,022.0.

The industrial index fell 29.4 to 8,214.3 and golds slipped 4.1 to 1,306.8.

South African Breweries dipped 25 cents to R184.25 and RMB Holdings fell R2 to R107.

Gold was mixed in quiet end of the week trading. Vaal Reefs provided a modest spark of excitement, adding R5 to R284.

## LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is delivered by email, print or faxed to interested parties. The price is shown in pence unless otherwise stated. In the FTSE information service, the price is shown in pence unless otherwise stated. In the FTSE information service, the price is shown in pence unless otherwise stated. In the FTSE information service, the price is shown in pence unless otherwise stated.

## British Government Stocks

10% 1995-2000 - 110.75 (10/04/97)  
10% 2000-2005 - 110.75 (10/04/97)  
10% 2005-2010 - 110.75 (10/04/97)  
10% 2010-2015 - 110.75 (10/04/97)  
10% 2015-2020 - 110.75 (10/04/97)

## Corporation and County Stocks

British Petroleum - 110.75 (10/04/97)  
British Airways - 110.75 (10/04/97)  
British Telecom - 110.75 (10/04/97)  
British Gas - 110.75 (10/04/97)  
British Steel - 110.75 (10/04/97)

## Foreign Stocks, Bonds etc

US 10% 1995-2000 - 110.75 (10/04/97)  
US 10% 2000-2005 - 110.75 (10/04/97)  
US 10% 2005-2010 - 110.75 (10/04/97)  
US 10% 2010-2015 - 110.75 (10/04/97)  
US 10% 2015-2020 - 110.75 (10/04/97)

## Stering Issues by Overseas Borrowers

10% 1995-2000 - 110.75 (10/04/97)  
10% 2000-2005 - 110.75 (10/04/97)  
10% 2005-2010 - 110.75 (10/04/97)  
10% 2010-2015 - 110.75 (10/04/97)  
10% 2015-2020 - 110.75 (10/04/97)

## Listed Companies (excluding Investment Trusts)

Admiral PLC - 110.75 (10/04/97)  
Admiral PLC - 110.75 (10/04/97)  
Admiral PLC - 110.75 (10/04/97)  
Admiral PLC - 110.75 (10/04/97)  
Admiral PLC - 110.75 (10/04/97)

British Steel PLC ADR (10/1) - 24.3 (8/74/97)  
British Steel PLC 1% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 2% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 3% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 4% Deb (10/1) - 10 (8/74/97)

British Telecom PLC ADR (10/1) - 10 (8/74/97)  
British Telecom PLC 1% Deb (10/1) - 10 (8/74/97)  
British Telecom PLC 2% Deb (10/1) - 10 (8/74/97)  
British Telecom PLC 3% Deb (10/1) - 10 (8/74/97)  
British Telecom PLC 4% Deb (10/1) - 10 (8/74/97)

British Gas PLC ADR (10/1) - 10 (8/74/97)  
British Gas PLC 1% Deb (10/1) - 10 (8/74/97)  
British Gas PLC 2% Deb (10/1) - 10 (8/74/97)  
British Gas PLC 3% Deb (10/1) - 10 (8/74/97)  
British Gas PLC 4% Deb (10/1) - 10 (8/74/97)

British Airways PLC ADR (10/1) - 10 (8/74/97)  
British Airways PLC 1% Deb (10/1) - 10 (8/74/97)  
British Airways PLC 2% Deb (10/1) - 10 (8/74/97)  
British Airways PLC 3% Deb (10/1) - 10 (8/74/97)  
British Airways PLC 4% Deb (10/1) - 10 (8/74/97)

British Petroleum PLC ADR (10/1) - 10 (8/74/97)  
British Petroleum PLC 1% Deb (10/1) - 10 (8/74/97)  
British Petroleum PLC 2% Deb (10/1) - 10 (8/74/97)  
British Petroleum PLC 3% Deb (10/1) - 10 (8/74/97)  
British Petroleum PLC 4% Deb (10/1) - 10 (8/74/97)

British Steel PLC ADR (10/1) - 10 (8/74/97)  
British Steel PLC 1% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 2% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 3% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 4% Deb (10/1) - 10 (8/74/97)

British Telecom PLC ADR (10/1) - 10 (8/74/97)  
British Telecom PLC 1% Deb (10/1) - 10 (8/74/97)  
British Telecom PLC 2% Deb (10/1) - 10 (8/74/97)  
British Telecom PLC 3% Deb (10/1) - 10 (8/74/97)  
British Telecom PLC 4% Deb (10/1) - 10 (8/74/97)

British Gas PLC ADR (10/1) - 10 (8/74/97)  
British Gas PLC 1% Deb (10/1) - 10 (8/74/97)  
British Gas PLC 2% Deb (10/1) - 10 (8/74/97)  
British Gas PLC 3% Deb (10/1) - 10 (8/74/97)  
British Gas PLC 4% Deb (10/1) - 10 (8/74/97)

British Airways PLC ADR (10/1) - 10 (8/74/97)  
British Airways PLC 1% Deb (10/1) - 10 (8/74/97)  
British Airways PLC 2% Deb (10/1) - 10 (8/74/97)  
British Airways PLC 3% Deb (10/1) - 10 (8/74/97)  
British Airways PLC 4% Deb (10/1) - 10 (8/74/97)

British Petroleum PLC ADR (10/1) - 10 (8/74/97)  
British Petroleum PLC 1% Deb (10/1) - 10 (8/74/97)  
British Petroleum PLC 2% Deb (10/1) - 10 (8/74/97)  
British Petroleum PLC 3% Deb (10/1) - 10 (8/74/97)  
British Petroleum PLC 4% Deb (10/1) - 10 (8/74/97)

British Steel PLC ADR (10/1) - 10 (8/74/97)  
British Steel PLC 1% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 2% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 3% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 4% Deb (10/1) - 10 (8/74/97)

British Telecom PLC ADR (10/1) - 10 (8/74/97)  
British Telecom PLC 1% Deb (10/1) - 10 (8/74/97)  
British Telecom PLC 2% Deb (10/1) - 10 (8/74/97)  
British Telecom PLC 3% Deb (10/1) - 10 (8/74/97)  
British Telecom PLC 4% Deb (10/1) - 10 (8/74/97)

British Gas PLC ADR (10/1) - 10 (8/74/97)  
British Gas PLC 1% Deb (10/1) - 10 (8/74/97)  
British Gas PLC 2% Deb (10/1) - 10 (8/74/97)  
British Gas PLC 3% Deb (10/1) - 10 (8/74/97)  
British Gas PLC 4% Deb (10/1) - 10 (8/74/97)

British Airways PLC ADR (10/1) - 10 (8/74/97)  
British Airways PLC 1% Deb (10/1) - 10 (8/74/97)  
British Airways PLC 2% Deb (10/1) - 10 (8/74/97)  
British Airways PLC 3% Deb (10/1) - 10 (8/74/97)  
British Airways PLC 4% Deb (10/1) - 10 (8/74/97)

British Petroleum PLC ADR (10/1) - 10 (8/74/97)  
British Petroleum PLC 1% Deb (10/1) - 10 (8/74/97)  
British Petroleum PLC 2% Deb (10/1) - 10 (8/74/97)  
British Petroleum PLC 3% Deb (10/1) - 10 (8/74/97)  
British Petroleum PLC 4% Deb (10/1) - 10 (8/74/97)

British Steel PLC ADR (10/1) - 10 (8/74/97)  
British Steel PLC 1% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 2% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 3% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 4% Deb (10/1) - 10 (8/74/97)

British Airways PLC ADR (10/1) - 10 (8/74/97)  
British Airways PLC 1% Deb (10/1) - 10 (8/74/97)  
British Airways PLC 2% Deb (10/1) - 10 (8/74/97)  
British Airways PLC 3% Deb (10/1) - 10 (8/74/97)  
British Airways PLC 4% Deb (10/1) - 10 (8/74/97)

British Petroleum PLC ADR (10/1) - 10 (8/74/97)  
British Petroleum PLC 1% Deb (10/1) - 10 (8/74/97)  
British Petroleum PLC 2% Deb (10/1) - 10 (8/74/97)  
British Petroleum PLC 3% Deb (10/1) - 10 (8/74/97)  
British Petroleum PLC 4% Deb (10/1) - 10 (8/74/97)

British Steel PLC ADR (10/1) - 10 (8/74/97)  
British Steel PLC 1% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 2% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 3% Deb (10/1) - 10 (8/74/97)  
British Steel PLC 4% Deb (10/1) - 10 (8/74/97)

British Telecom PLC ADR (10/1) - 10 (8/74/97)  
British Telecom PLC 1% Deb (10/1) - 10 (8/74/97)  
British Telecom PLC 2% Deb (10/1) - 10 (8/74/97)  
British Telecom PLC 3% Deb (10/1) - 10 (8/74/97)  
British Telecom PLC







## COMPANIES AND FINANCE

Head of core retail side leaves and business to be split into two divisions

## WH Smith steps up its efforts to revitalise

By David Blockwell

WH Smith yesterday announced the departure of the head of its core retail business alongside increased efforts to revitalise the high street chain. Mr Peter Bamford, 43, is leaving immediately.

The group is to split its retail business into two divisions and hand retail distribution over to WH Smith News, the UK's largest

wholesaler and distributor of magazines and newspapers. This will leave the 400 high street stores as a separate business.

The 100 shops that serve travellers at airports and stations will be transferred into a separate division.

Mr Bill Cockburn, chief executive, who joined the group from the Post Office just over a year ago, is to become chairman of the

WH Smith Retail board. He is looking for managing directors for both retail businesses.

Mr Tony Shiret, retail analyst at BZW, said Mr Bamford's departure left a vacuum. "It's incredibly important that investors can see the man in charge of the main chain," he said, adding that it would be difficult to recommend the shares until analysts had some idea of this sales strategy, given

the negative pricing trends in the group's main markets.

Mr Cockburn said that Mr Bamford had left "a great foundation on which to build" one year into the four-year recovery programme for the retail business.

He added that fresh blood and fresh energy was needed, but "there is no lack of momentum. I can promise you. My top priority is to get

the high street chain buzzing."

In the longer term creating "a world class logistics service of some magnitude" would present interesting opportunities in the longer term, given the customer base which includes 25,000 UK newspapers.

Mr Bamford, 43, was one of the so-called young turks who joined the board at the end of 1995 in charge of WH Smith Retail, a post that

has proved something of a poisoned chalice.

His predecessor was Mr Peter Troughton, who was the youngest executive director when he quit aged 47 shortly after the first of two profit warnings in 1995.

Mr Cockburn described Mr Bamford's departure as amicable.

He would not reveal the level of compensation for Mr Bamford, who was on a two-

year contract and a salary of £111,000.

WH Smith last year announced its first loss in 204 years of trading. However, earlier this year it reported a sharp jump in interim profits from £17.3m to £38.6m on sales of £1.29bn.

Mr Cockburn said the company had been refocused, peripheral businesses sold and cost cuts implemented to save £14m a year.

## Boeing division plans new services

By Christopher Parkes in Los Angeles

Boeing Enterprises, the diversification division set up by the US aerospace group earlier this year, plans to add aircraft maintenance and data services to its portfolio, the company said yesterday. Product spin-offs and other services related to the group's core operations are also planned.

Several options, all part of chairman Mr Philip Condit's recently unveiled strategy of evolving into a global concern, were under active consideration. "We have an enormous wealth of data built up in the normal course of group business, which we have never utilised properly."

This ranged from knowledge of customers' requirements gathered in the course of configuring passenger jets to individual airlines' needs, and the information to Boeing's own maintenance manuals.

The company has started exploratory talks with several airlines over possible joint ventures or the acquisition of their heavy maintenance operations in the wake of a trend for carriers to outsource activities, enabling them to concentrate on core operations.

Boeing Enterprises, established in January, currently has two main responsibilities. It oversees the development of a joint venture, established with General Electric last year, to market derivatives of the 737 passenger aircraft in the corporate jet market.

More recently, it announced a link-up with FlightSafety International to train pilots and ground crew. The partners each contributed \$100m to the development of what BE has identified as a big growth market.

Military cuts have reduced the supply of pilots trained by the world's armed forces and have presented commercial companies with a new opportunity, Boeing said. "We estimate a demand for 200,000 pilots over the next 20 years," it added.

FlightSafety, a division of Mr Warren Buffett's Berkshire Hathaway group, which trains more than 50,000 pilots and technical staff a year in 40 countries, is one of the world's leading companies in this field.

Before the venture, Boeing trained about 1,500 air crew and 4,000 mechanics and maintenance staff in an unprofitable in-house operation. Although most airlines retain their own training programmes, Boeing believes outside suppliers will benefit as the trend towards outsourcing, which has transformed the food service sector, develops.

Aircraft maintenance is a particularly delicate area, and Boeing said it was concerned not to be seen as a competitor to services already provided by its customers for aircraft. Lufthansa, the German flag carrier, has become an important participant in this market since its 1995 spin-off of Lufthansa Technik division.

## Japanese options for the coming 'big bang'

Japanese investors will soon be able to deal in options on individual stocks, something which their European and US counterparts have long been able to do. Currently, Japanese exchanges only offer options on indices rather than single companies.

The move is significant not just because it will give Japanese institutions greater flexibility in their portfolio strategies and bring Japanese financial markets one step closer towards world standards. It is also a precursor of a wave of financial deregulation and new products due in Japan's "big bang" over the next few years, and so is being closely watched to see if the sweeping public statements are being followed through with genuine commitment to change. The signs so far are good.

The most encouraging factor is the speed at which the new system is being implemented. Japanese institutions are notorious for changing at a snail's pace. The Tokyo commodities exchange, for example, this week introduced trading in aluminium futures - about 10 years after the idea was first mooted. The introduction of options on individual stocks, however, will have taken less than two years from proposal to launch, if it goes ahead as planned in July.

"From the US standpoint, that seems like ages, but from the Japanese experience, it seems like lightning speed," says Mr Mark Chanich, general manager for futures and options at ING Barings Securities in Tokyo. "If nothing else, it really demonstrates that with big bang, they are pushing through some of the measures more quickly, as opposed to it being just rhetoric or window dressing."

The options are due to start trading this summer on Japan's two main exchanges: the Tokyo Stock Exchange and the Osaka Stock Exchange, which has set the

Tokyo and Osaka are changing the rules, writes Bethan Hutton

launch for July 18.

The OSE is hoping to play the role of Chicago to Tokyo's New York. It has more experience with derivatives - it introduced options on the Nikkei index, which the TSE does not trade - but Tokyo is a much larger and more active market.

Although the two will be competing over options, they have been co-operating on the planning. For example, although the OSE initially favoured US-style options, which can be exercised at any time, and the TSE wanted European-style options, with one fixed exercise date, they eventually agreed on the European system to avoid the confusion of having two trading systems in one country. Both the TSE and OSE will use stock rather than cash settlement.

Full details of how the options market will work have yet to be decided; more news is expected in May. Both exchanges have issued guidelines as to which shares will be eligible, with a priority being to ensure good liquidity. For example, in Tokyo, eligible stocks must have at least 5,000 shareholders, average daily turnover of at least 150m shares and at least 150m shares listed. In Osaka, the requirements are a minimum 3,000 shareholders, annual turnover of 25m shares, and 100m shares listed.

There are several hundred possibilities for each exchange, but Tokyo is expected to start with options on between 10 and 40 shares, and Osaka with 20 to 60, so there is keen speculation on which will be selected. Volatile sectors such as banking seem likely.

Analysts say it is still too early to judge who will be the main users of the new options, but it seems clear that the exchanges are aiming for a good mix of institutional and retail clients, and have also been careful to include foreign brokerages in the consultation process.

Japanese private investors' speculative tendencies are well known, hence they are expected to be interested in options as highly-leveraged investments. For institutions, one attraction is the use of options for portfolio hedging.

Overseas investors can arrange options on Japanese shares through offshore over-the-counter markets, but Japanese institutions have been barred from even that degree of flexibility, and at a time when Japanese fund managers are being exposed to closer scrutiny of their performance, the new instruments may be very helpful.

Mr Leigh Baxandall, head of derivatives research at BZW Securities in Tokyo, says: "Institutions in general are very interested in stock option markets, from the perspective that it allows them in particular to sell options. Currently all the institutions can do is buy convertibles and buy warrants."

Options are considerably more flexible. Unlike warrants, which are long dated and have a single strike price, Japanese options will have a range of short maturities, and a choice of at least five strike prices, one about the current share level, two below and two above. Also, of course, both put and call options will be available, giving investors greater scope for taking negative positions.

There is still much detail to be filled in, but observers are optimistic about the prospects both for this innovation and those to follow. "It is a very significant indicator of what will happen in the big bang," says Mr Baxandall.

## GrandMet close to sale of European units

By Chris Gresser

Grand Metropolitan, the UK food and drinks group, said yesterday it was close to selling two European food businesses to US-based Sara Lee Corporation.

It is thought that it could receive up to £30m for Brossard in France and Fida in Italy - which reported combined turnover of about £120m last year. Their profits were not disclosed. A loss on the sales is likely, but the company said this had been taken account of in a £207m goodwill write-off announced last year.

The deal, expected within the next few weeks, will mark GrandMet's exit from domestic brands in continental Europe. It follows the sale of businesses in Germany, the Netherlands and Belgium, and allows the company to throw all its marketing resources behind four international brands - Pillsbury, Green Giant, Hagen-Dazs and Old El Paso.

GrandMet has also put up for sale four UK businesses, including the 200-year-old Shippams paste brand. Taken together, the string of European domestic brands made operating profits of £10m on sales of £370m in the year to September 1995.

Analysts welcomed the imminent sale of Brossard and Fida. Mr James Norman at BZW said: "We regard this as a healthy line drawn under the past. Many of these businesses were bought in the belief that the brands could cross boundaries, which they didn't."

The disposals, combined with improvements in cash flow, could reduce net debt from £2.4bn to £2.3bn by this September, BZW said. The improved position could improve the prospect of a share buy-back, a possibility raised by Mr John McGrath, chief executive, last year.

## Investcorp takes over Helly Hansen for \$112m

By Alice Rawsthorn

Investcorp, the Bahrain-based investment group that spearheaded Gucci's revival, is taking control of Helly Hansen, the Norwegian high-performance sportswear manufacturer, in a deal worth \$112m.

Mr Johannes Huth, a member of Investcorp's management committee, said the group hoped to establish Hansen, best known for making technical, advanced nautical clothing, as a high-profile sportswear brand such as Nike or North Face.

Under the terms of yesterday's deal, Investcorp, which specialises in acquiring Western recovery stocks - usually established brand names - for Gulf investors, will acquire 70 per cent of Helly Hansen.

Until recently Helly Hansen was co-owned by Aker and Orkla, two Norwegian conglomerates. Aker decided to sell its holding last year after its merger with the RGI group.

Investcorp has since negotiated to buy that 50 per cent stake together with a 20 per cent holding from Orkla. The transaction values Helly Hansen, which was founded in 1877 and now manufactures ski-wear, running clothes and climbing gear as well as nautical clothing, at about \$160m.

Helly Hansen is in better financial shape than several other Investcorp purchases, including Gucci, whose turnover has quadrupled since the Gulf group took control in 1993, and whose share price has tripled since it went public 18 months ago.

The Norwegian company mustered turnover of \$145m last year when, according to Mr Huth, its profit margins were roughly 10 per cent, a level it has sustained for the past few years.

However, Investcorp is convinced that Helly Hansen should be able to exploit the growing demand among young consumers to buy technically advanced sports clothing as leisure wear.

"This type of outerwear is extremely trendy on the streets of New York," he added.

"Helly Hansen has benefited from the trend, but not as much as other brands."

"It makes fantastic products of excellent quality, but needs higher visibility."

The main thrust of Investcorp's investment will be in marketing to raise aware-



In shape: Helly Hansen is fitter than most Investcorp buys

ness and refine public perceptions of the Helly Hansen brand. Mr Huth said the initial target markets would be the US, UK, France and Germany.

## Rentokil chief joins the £1m club

By Ross Tiaman

Sir Clive Thompson, the chief executive of Rentokil (tuffal), the services group, yesterday became the fifth quoted company director this week to join the club of those receiving £1m a year.

A 44 per cent rise in his basic salary, to £892,000, plus benefits and a £471,000 bonus took his total to £1.33m.

The number receiving £1m-plus packages is expected to increase among institutional investors about pay levels in quoted companies. A study by Incomes Data Services, the independent pay research company, of FTSE 250 companies found that in

1995-96 only 18 top directors were paid £1m or more.

It also showed that bonuses were rising substantially faster than basic salaries. According to the study, the median total pay package of the highest paid director in FTSE 250 companies during 1995-96 was £405,859, up 8.6 per cent on the previous year. But the median increase in basic pay in the companies studied was up just 5.8 per cent, to £304,000.

Because many quoted companies have now adopted a December year end, April is the month in which annual reports, which disclose directors' salaries, are published. Pay announcements are being monitored

to see whether the replacement of share option schemes with long-term incentive plans has achieved closer links between pay and performance.

Earlier this week, National Express, the transport group, revealed that Mr Phil White, its new chief executive, received £1.05m last year. The chief executive of the Ladbroke leisure group, Mr Peter George, received £1.28m, Mr Robert Peel, chief executive of Thistle Hotels, received £1.4m and Sir Colin Chandler, chief executive of Vickers, £1.07m.

In some cases, the director's package was bolstered by special bonuses. Mr White received a one-off

£726,000 in recognition of his reorganisation of West Midlands Travel, acquired in 1995.

Mr Peel's pay included £812,402 from Brerley Investments of New Zealand, the company's previous owner, triggered by Thistle's flotation. Mr George, at Ladbroke, received a £600,000 payment from a long-term incentive scheme, part of a series of pay-outs causing directors' remuneration to almost double to £3.6m.

Sir Colin's pay also included £150,449 from the exercise of phantom share options, part of a bonus scheme designed to reflect relative share price performance.

## Antonov makes £3m placing

Antonov, the Alm-listed automatic gearbox developer, yesterday announced little changed pre-tax losses of £1.7m for 1996 and the completion of a £3m share placing.

Cash at the year-end was £800,000, but Mr Roumen Antonov, chairman, said that more resources were required "to strengthen our position at the negotiating table with established and new customers, and also to fund a new development programme with Chrysler".

Some 3.65m shares were placed at 67p, as existing shareholders completed a placing of 6.2m shares, also at 67p. As part of this, Antonov Holding EURL - wholly owned by Mr Antonov - has disposed of 1.11m shares in

order to discharge certain obligations created at the start of the Antonov transaction project.

Mr Antonov retains interests in 11.7m shares (16.3 per cent of the enlarged equity). Lock-in arrangements made at the time of the flotation in May 1995 have been extended until May 1998, covering some 51m shares.

The shares, which had been suspended at 116p, resumed trading following the announcement and closed at 108p.

In the light of the fund raising and because of interest from the Dutch investment community, Antonov is to apply for admission to NIMAX, the new market of the Amsterdam stock exchange.

## Minet buy furthers Aon expansion

By Christopher Adams

Aon, the international insurance broker, has bought Minet, the loss-making UK broker, from St Paul Companies, the US-based property and casualty insurer.

The consideration was not disclosed, but Aon is believed to have offered between \$50m and \$100m for Minet, which St Paul has been trying to sell for several months.

Aon began talks only a few weeks ago. Its main rival, Marsh & McLennan, had also made an offer and completed due diligence.

Mr Patrick Ryan, chief executive, said: "The company provides a good strategic fit with Aon's reinsur-

ance and wholesale brokerage business and strengthens our professional liability business."

Minet incurred a £13m loss on income of \$370m in 1995.

The acquisitive broker is at present integrating its operations with Alexander & Alexander, which it bought for \$1.23bn this year.

It acquired Bain Rogge, the UK broker, for \$282.9m in October, making Minet the third purchase in only six months.

Nearly 100 new insurance companies were registered in Bermuda last year, making 1996 the most active year in a decade for the Caribbean island's registrar of companies.

## CONTRACTS &amp; TENDERS

## BIG INVESTMENT OPPORTUNITY ON THE ROMANIAN BLACK SEA COAST

## CONSTANTA SOUTH FREE ZONE ADMINISTRATION organises according to Law no. 84/1992

an open public tender for the concession of land areas on Platform no.3 in the Free Zone of Constanta South Port, for the construction of a grain terminal including a storage facility of at least 100,000 metric tons capacity and its related equipment to handle grain to/from rail, road and the port basins.

In compliance with the provisions of Law no. 84/1992, the concession may be granted for a maximum period of fifty years. The Tender Documents may be obtained on or after April 11, 1997, from the headquarters of the Free Zone Administration upon payment of a non-refundable fee of US\$700.-. Eligible firms are the ones recognised as experienced professionals in the trade of grain. When purchasing the Tender Documents, interested eligible tenderers will submit an application for participation comprising the following information:

- name of the tenderer;
- complete address: headquarters, phone and fax numbers;
- references in grain trade activities.

The deadline for submitting offers is June 5, 1997, at 15:00h local time at the headquarters of Constanta South Free Zone Administration. The public tender opening will take place in the presence of Tenderers Representatives who choose to attend, on June 6, at 10:00h local time, at the Marine Training Centre in Constanta, 101 Baba Novac Street.

For additional information, please contact:

## CONSTANTA SOUTH FREE ZONE ADMINISTRATION

Ferry Boat Terminal Building Agigea, code 8711, Jud. Constanta, ROMANIA  
Tel: (40) 41-741 378; 618 718; 619 100 ext. 2118, 2162 Fax: (40) 41-639 000; 619 729; 693 913  
General Director CONSTANTIN SUTEU



## COMPANIES AND FINANCE

# Vociferous fan delves for a level playing field

Jane Martinson on Richard Budge and RJB's fight for coal's role in a balanced energy policy

So closely is Mr Richard Budge, head of RJB Mining, identified with the state of the UK coal industry that when a football pitch is built at a colliery, he is given credit for it. "That's the sort of boss Budge is, now we can build things like that," says miner David Smith, pointing to a flattened slag heap about to be adorned with white lines and goalposts at Westington colliery near Doncaster. Mr Smith has spent the last two years of his 20-year mining career working for RJB, the UK's largest coal producer.

In the ebullient and headstrong Mr Budge, UK miners appear to have found their most vociferous and ardent supporter since the days when Arthur Scargill was at his most ubiquitous. In the past week the RJB chief executive has argued for another kind of playing field - a level one for coal in the UK's electricity market.

At a coal industry lunch and then again at the company's results presentation, he said that support for UK coal was necessary to provide a balanced energy policy. "Please don't let the coal industry die," he pleaded. "If

it does, where are we going to get power from in 20 years' time?" He repeatedly invokes the image of the UK miner as the last line of defence against unrestrained imports of Russian or Algerian gas. Such arguments are set to become much louder this year, a crucial one for RJB. At stake is the renegotiation of contracts which supply most of RJB's turnover, and funding for a new technology which the company hopes will provide a third of its output over the next 10 years.

Both appeared to receive a boost this week when National Power, the generating company and RJB's largest customer, announced it was to join the company in a feasibility study into the UK's first commercial clean coal-fired power station.

Both sides stressed that the technology, which involves the gasification of coal, needed a subsidy to be financially viable in its early years. While both main parties have indicated some

level of support, the Labour party is believed to be the more enthusiastic. Although National Power denied any link between the study and renegotiation of the contracts, due to expire next April, Mr Budge showed his usual reluctance to let an opportunity pass him by. "You don't normally go to bed with somebody you're not on good terms with, do you?" he said.

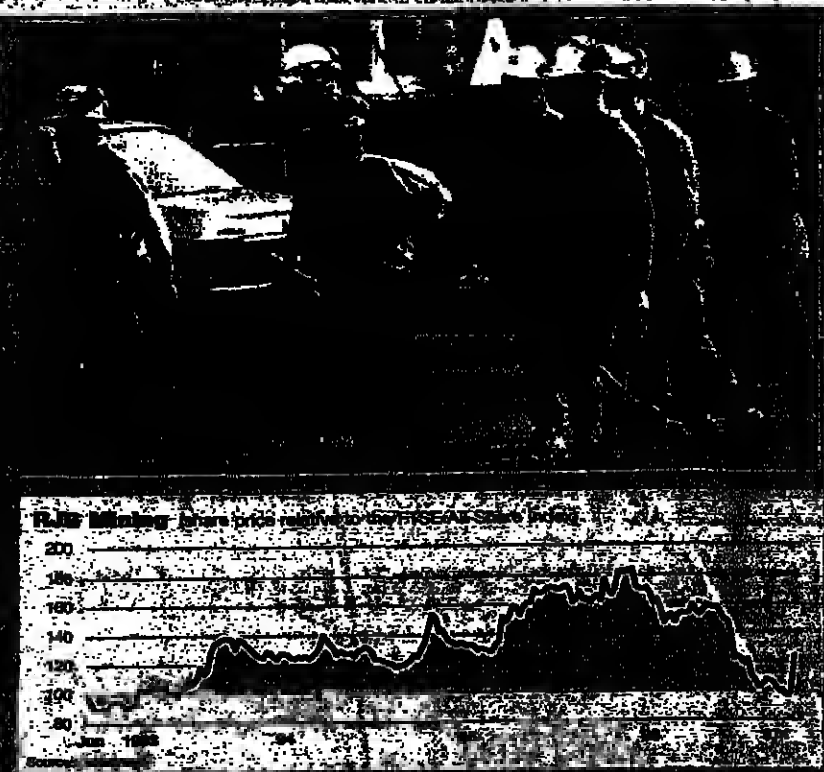
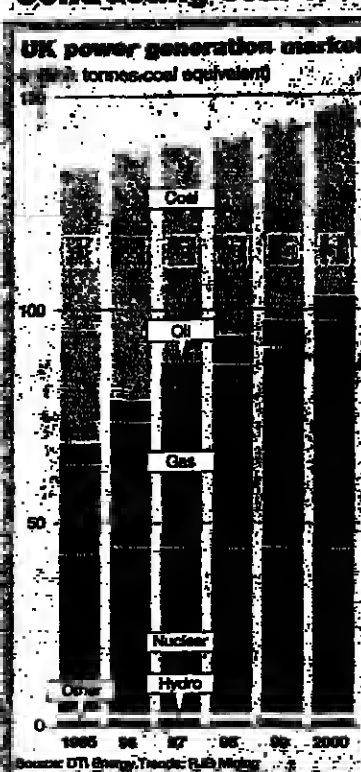
His upbeat comments, combined with results at the top end of expectations, helped RJB shares leap 28 per cent to 453½p last week. While Mr Budge refused to outline details of prices or volumes, he still told analysts that he had "sold some [of the coal being negotiated] and was smiling".

This bravura performance in the run-up to the negotiations proper is attracting some support. The conviction is growing that RJB's relative reliability and the usefulness of coal mines near large power stations will help ensure a relationship with the generators.

Mr Andrew Hollins, analyst at Kleinwort Benson, believes that indigenous coal is a necessary counterbalance to imports and an over-dependence on gas. "RJB may not be able to live without the generators but the generators can't live without it either," he says. However, the overriding view is still one of extreme caution. With pre-tax profits of about £180m forecast for this year the shares are trading on a forward multiple of 5, a 65 per cent discount to the market. BZW, the group's broker, is forecasting a fall in pre-tax profits to £148m in 1998 and £124m in 1999, following the negotiations.

Most analysts believe that RJB will have to accept prices for the contracts at least 11 per cent lower than the 141p per gigajoule achieved last year. Contract volumes of some 30m a year are also expected to shrink. Generators have the choice of other forms of energy, particularly cheaper

## Contracting coal



foreign coal and gas. The dash for gas has seen coal's contribution to the power generation market fall from 80 per cent to 50 per cent since 1980.

While Mr Budge is keen to point out that City analysts have consistently underestimated the demand for coal, analysts speak of the credibility problem suffered by the company after a profits

warning at the end of last year. The warning was prompted by the strength of the pound.

"The uncertainties are having an impact on RJB's 9,500 employees. Mr Ken Ashton, who has worked at RJB for 33 years, says: "I think 1998 is on everybody's mind."

Rossington, which was saved from closure by RJB

three years ago, is held up as an example of the new mining attitude. Some 331 men now produce a similar amount of coal to that mined by three times as many workers 10 years ago. Costs at the mine have fallen by 50 per cent in the last six years.

Mr Derek Main, Rossington's assistant manager, believes that the industry

should be supported after getting its house in order. "We have everything here to make this work. All we need is a kick at the ball," he says.

While the election and the negotiations are creating great uncertainties for RJB this year, one thing will not change: Mr Budge's presence on the sidelines shouting his support.

Proposed 'friendly' merger would create the biggest milk processing group in UK and Ireland

## Avonmore approaches Waterford Foods

By John Murray Brown

Avonmore, the Irish foods company, has made a bid approach to Waterford Foods, in a move which could create the biggest milk group in the UK and Ireland.

Both companies are controlled by farmer co-operatives. Ireland's dairy industry has been looking ripe for consolidation, with 40 processors chasing an annual milk pool of 1m gallons.

Waterford's share price jumped 20p to 100p in Dublin yesterday, valuing the Dunbar-based group at

£187m (£178m). It said the approach would be "fully evaluated". The statement followed contacts with the Takeover Panel.

The proposal is understood to involve a merger of the companies via an exchange of shares. Avonmore is also expected to offer a milk price bonus as a sweetener to the 4,500 farmers who, through the co-operative, own 80 per cent of Waterford.

Later in the day, Waterford also announced its 1996 results, showing a 20 per cent fall in pre-tax profits to £19.8m, on sales up a third

at £1.04bn. It brought the release of the figures forward from Monday in what some analysts interpreted as a defensive move.

Waterford became vulnerable to a predator last month, following a profits warning that saw its shares drop to 73p.

Analysts are not expecting a deal to be struck at a big premium to yesterday's close.

"They're in such a mess, any premium on that would be good," said one fund manager. The Waterford board met

yesterday to consider the proposal, followed by a meeting of the board of the co-operative. Any agreement by the two boards will require endorsement from 75 per cent of the 4,500 farmers at two consecutive EGMs.

Which bankers said could take several weeks to organise. An adviser to Avonmore said: "The offer is a very friendly one, and we hope it will be picked up in the spirit in which it is intended. We're trying to say there's something nice in it for everyone."

Avonmore, which is 63 per cent owned by a co-operative, closed up 7p at 235p in Dublin, valuing it at £141m. It is the largest of the Irish dairy companies.

Last year, it had operating profits of £148.1m on sales of £1.4bn. It has diversified into food ingredients and has operations in the US and Hungary as well as the British Isles.

The two companies first had merger talks in 1991. If a deal went through, the merged entity would have 35 per cent of the Irish milk pool.

It would be the largest milk processor in the UK and Ireland with 701m gallons, compared with Northern Foods at 352m gallons and Unigate at 330m, and the fourth largest milk concern in the EU.

It would also have combined cheese production of 250,000 tonnes a year and 20 per cent of the UK market.

Avonmore is being advised by Investment Bank of Ireland, part of the Bank of Ireland, and Waterford by NCB, the stock broking unit of Ulster Bank, owned by National Westminster.

## LCI to co-operate with MMC

By Scheherazade Daneshkhu

London Clubs International, the UK casino operator, is keeping open the possibility of a renewed bid for Capital Corporation, its smaller rival in the London casino market by co-operating with the Monopolies and Mergers Commission investigation into the proposed acquisition.

The Department of Trade and Industry referred the bid to the MMC this week because of competition concerns. The MMC's decision is due to be released by July 7.

## Great Portland extends retail portfolio with £59m Ilex deal

By Virginia Marsh

Great Portland Estates, one of the UK's biggest property companies, said yesterday that it had purchased Ilex, a private company set up in 1985, whose main assets are two Bond Street leaseholds, for £58.6m.

Net rental income of Ilex's properties - which range from Louis Vuitton's headquarters to provincial warehouse space - is £3.46m a year and is expected to rise to £4.2m within 15 months, partly as a result of rent reviews. About £2m of the present rent roll extends beyond 2010.

The purchase, of which £41.6m is in cash, uses up the remaining funds raised in Great Portland's £97m rights issue earlier this year.

The balance is being paid in the form of unsecured loan notes. These bear 7½ basis points below Libor and are redeemable between 1997 and 2007.

Mr Richard Peskin, chairman, said the purchase would dilute earnings, but that, after letting vacant space at Ilex, it would have a neutral impact by 1999-99.

In November, Great Portland reported pre-tax profits

down 8 per cent at £21.9m for the six months to September 30.

The company launched the rights issue mainly to fund spending on retail developments. In February, it announced the £30m purchase of retail parks in Hertfordshire and Cumbria. It also announced a challenge to its portfolio from 30 to 33 per cent by the end of this year.

As well as 66,200 sq ft in Bond Street, Ilex properties include 10,000 sq ft in freeholds in Maddox Street and Cork Street in London's West End and two long leaseholds in Kings Road.

Outside the capital - on which Great Portland has traditionally been heavily reliant - Ilex has warehouses in Aylesbury and Isleworth and business and retail space in Stevenage and Milton Keynes. It also has an 11.2 per cent stake in Pollen Estate, which owns 45 freeholds in the West End.

Great Portland shares closed up 1p at 207p, against the rights price of 190p. Before the cash call, it had net debt of £463m, representing gearing of about 70 per cent. It has said it would like to maintain gearing below 80 per cent.

## Zeneca beats off challenge to patent

By Clive Cookson, Science Editor

Zeneca, the pharmaceuticals group, announced yesterday that US appeals court had dismissed a challenge to its patent for tamoxifen, the most widely used treatment for breast cancer.

The UK company said the ruling in its favour "effectively disposed of" the challenge by Novopharm, a Canadian generic drug manufacturer, and safeguarded the US patent for tamoxifen until 2002.

Zeneca shares closed up 35p at £18.51p, giving a market value of £17.5bn, buoyed not only by the ruling but by also a revival of rumours in Switzerland that Roche, the Swiss drug company, was preparing a bid in the region of £21-23.25 a share.

The US Court of Appeals for the Federal Circuit affirmed an earlier decision against Novopharm by the District Court for Maryland in April 1996. In theory, Novopharm could ask the US Supreme Court to hear the case, but lawyers say this is extremely unlikely.

Zeneca is also taking legal action against two other generic manufacturers, Mylan Pharmaceuticals and Pharmacia, for infringing its tamoxifen patent.

Zeneca sold £332m of tamoxifen - trade name Nolvadex - worldwide in 1996, down from £359m a year before. Sales are falling in most European countries, where the patent has already expired and generic tamoxifen is widely available.

The drug is also losing sales to newer anti-cancer drugs, including Zeneca's own Casodex.

Patent protection in the US did not start until 1985, 12 years after tamoxifen had gone on the market in the UK. It had to go through an unusually protracted approvals procedure in the US.

Last week, Novopharm won a patent victory over Glaxo Wellcome, the UK pharmaceutical group, when the US Court of Appeals for the Federal Circuit upheld a ruling allowing it to market a generic form of Glaxo's ulcer medicine, Zantac.

## Independent share options

One of the longest serving executive directors at independent insurance, the fast growing commercial lines insurer, has made a profit of £400,000 from exercising 80,000 share options in the group.

Mr Robert McCracken was the first of independent's directors to exercise options in two years, buying the shares at 200p and selling them at 710p. He is believed to have sold the shares for personal reasons.

Independent's share price rose 2½p yesterday to 713½p, a record closing high. The company has bucked the trend in a UK insurance sector troubled by tumbling premium rates and pressure on margins. Born 10 years ago by venture capital-backed entrepreneurs, out of a business previously owned by US-based insurer Allstate, it floated in 1993 capitalised at £98.5m. Since then, it has grown rapidly, with a market value yesterday of £252m.

Christopher Adams

## Superscape shares up 6%

Shares in Superscape VR, a developer of virtual reality software, rose 6 per cent yesterday following an announcement on Thursday that it was cutting its costs by reducing the number of employees from 101 to 61.

The company's shares closed up 17½p at 317½p. Mr John Chiplin, chief executive, said the move was to ensure its return to profitability. Superscape reported pre-tax losses of £3.1m for the six months to January, as it increased product development and marketing spending due to its repositioning from a general virtual reality developer to a interactive 3D Web software company.

## Disposal lifts African Lakes

African Lakes Corporation moved back into the black in the year to September 30 after benefiting from disposal profits. The group, which has interests in motor trading, agriculture, mining engineering and computer supplies, reported pre-tax profits of £96.813 (£21.7m losses) after disposal gains of £280,917.

The company said the fall in turnover from £38.5m to £25.5m reflected its withdrawal from the UK motor trade. The shares remain suspended at 45p.

## Quadrant raising £5.6m

Quadrant Group, the video and photographic products supplier, intends to raise up to £5.6m in a placing and open offer of 5.62m shares at 100p. The open offer is on a 3-for-20 basis.

The placing and offer is conditional on a sub-division and consolidation of the share capital and is equivalent to an offer price of 5p per existing share. Each existing 18p share is to be divided into one ordinary 1p share and one 5p deferred share. The ordinary 1p shares will be consolidated into ordinary 20p shares. The shares were unchanged yesterday at 4½p.

## McKay buys £8.6m portfolio

McKay Securities has bought a portfolio of properties from General Accident for £8.6m, financed from existing facilities. McKay developed all the properties being acquired and currently holds long leasehold interests in them. GA has a 22.47 per cent stake in McKay.

Prices for electricity determined for the purposes of the electricity trading market in England and Wales, 1997

Period	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487
--------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------







## Suez and Lyonnaise boards agree merger

By Andrew Jack in Paris

The boards of Suez and Lyonnaise des Eaux yesterday approved the terms of a merger which will create a combined group focused on utilities. The new group would have a turnover of FF210bn (\$35bn) and be one of France's largest quoted companies with a market capitalisation of more than FF70bn.

It would have four main activities - energy, water, waste disposal and communications. The strategy pushes into a secondary role activities including financial services which was a core area for Suez.

If investors approve the deal at annual general meetings in June, they will receive 20 Lyonnaise shares in exchange for each of the 41 Suez shares they hold. Suez will also pay its shareholders an exceptional cash dividend of FF3.5bn

in advance of the merger.

Mr Gérard Mestrallet, Suez chairman, will take charge of a four-person executive, including Mr François Jacot from Suez and Mr Guy de Panafieu and Mr Philippe Brongniart from Lyonnaise.

Mr Jérôme Monod, Lyonnaise chairman, who will head a 20-member supervisory board for the merged group, said: "Suez-Lyonnaise des Eaux will rapidly become a model and a reference point, and will bring its shareholders the pride and satisfaction that they expect."

Mr Mestrallet rejected suggestions that the group would dispose quickly of its financial subsidiaries such as Sofino, Fortis, and its stake in Générale de Banque, stressing that they "will still for a long time have their place in the group".

He said the new group aimed to double its earnings per share within the next five years, and provide double-digit

turnover growth in each of its four principal activities over the same period. By 2001, the aim is to increase sales by 80 per cent, with half of the total coming from activities outside France and Belgium, compared with 20 per cent now.

The merger should bring management savings of FF200m a year, and the debt of the combined group will stand at 46 per cent of shareholders' funds.

Among those absent from the supervisory board is Mr Jean-Louis Beffa, chairman of the French industrial materials group Saint-Gobain, which would have a 4 per cent stake in the combined group. He decided not to stand as a director after concerns that this role would conflict with his position on the board of Générale des Eaux, the leading rival French utilities group.

See Lex

## Ajinomoto head quits over claims of gangster pay-offs

By Michio Nakamoto in Tokyo

The continuing scandal of links between top Japanese companies and corporate racketeers claimed another victim yesterday when the president of Ajinomoto, Japan's largest processed foods maker, resigned to take responsibility for alleged pay-offs.

The move by Mr Shunsuke Inamori follows last month's indictment of two Ajinomoto officials on charges of paying *sokaiyo* gangsters ¥6m (\$48,000) to ensure a company board meeting went smoothly.

He is the latest Japanese company head forced to step aside because of unseemly corporate behaviour.

Last month Mr Hideo Sakamaki, former president of Nomura Securities, resigned to after payments allegedly made by the company to *sokaiyo*.

Other recent resignations include the president of Takashimaya, the luxury department store, the president of Ito Yokado, a supermarket chain, and Kirin Brewery. All three were also involved in *sokaiyo* pay-off scandals.

Mr Inamori will have been president of Ajinomoto for two years when he steps down in June. Mr Saburotsune Suzuki, honorary chairman, and Mr Yasuhiko Yasuda, chairman, will also step down from the Ajinomoto board in a bid to improve the company's image and restore morale. Both are members of the Ajinomoto founding family.

The recent revelations of close links between blue-chip companies and *sokaiyo* have undermined public trust in corporate Japan and led to calls for greater enforcement of corporate ethics.

Payments to *sokaiyo* were made illegal under Japan's commercial code in 1982. But the large number of companies caught making payments in exchange for promises not to disrupt shareholders' meetings highlights how deep-rooted the practice still is.

### THE LEX COLUMN

## Swallowing Suez

Tricolours may be waving to celebrate the birth of a new French business giant, but fans of industrial logic are unlikely to be joining in the fun. Combining two conglomerates - Lyonnaise des Eaux and Compagnie de Suez - risks creating an even bigger one. And the overlap is footling, which is why a mere FF200m (\$34.5m) in cost savings is promised.

Ah yes, say enthusiasts, but there should also be benefits from pooling cash-rich Suez with debt-laden Lyonnaise, helping Lyonnaise to finance its ambitions overseas. But so what? Lyonnaise could perfectly well have raised cash from its own shareholders. The only difference under the merger - and not a reassuring one - is that Lyonnaise does not have to persuade investors that its international plans make financial sense.

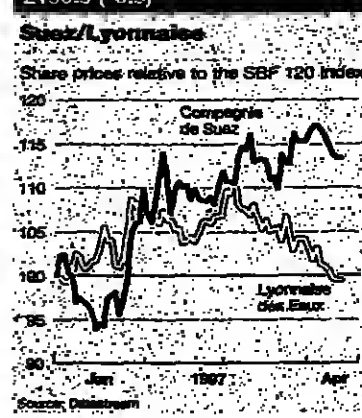
Still, Suez shareholders can console themselves; for them, the deal is better than nothing. It remains a dire fact that control of Suez is being handed over at a discount of 15 per cent or more to theoretical break-up estimates. Nevertheless, as news of the plans has been gradually leaked, Suez shares have outperformed - a refreshing change - by 13 per cent this year.

For Lyonnaise shareholders the proposition is altogether riskier. If the merged company acts quickly, paring itself down more aggressively than either of its predecessors would have done, all should be well. And talk of just a few core businesses - energy, water, waste and communications - is an encouraging sign. But the company's vagueness about the fate of the rest of its extensive portfolio is less so. The new company has yet to prove it has a credible purpose. Shareholders must simply pray that the financial strength they have endowed it with does not dilute the sense of urgency.

### Germany

Germany has high taxes and a reviving economy, yet its government is running short of revenue. Baden-Württemberg, one of the most prosperous states, has reported that its tax income in the first quarter of 1997 was more than 10 per cent below budget. Its state finance minister believes other states and the federal government are experiencing similar shortfalls. This has serious implications for the country's struggle to get its budget deficit below the 3 per cent

FTSE Eurotrack 200: 2196.9 (-0.9)



ceiling required for economic and monetary union. While the government is sticking to its forecast of a 2.9 per cent deficit for 1997, most private forecasters expect it to be at least 3.4 per cent. The half point difference is worth roughly DM15bn (\$10.4bn).

To raise such a sum will almost certainly require a supplementary budget, though Mr Theo Waigel, the finance minister, has so far resisted calls for one. His problem is that any spending cuts he proposes will be fiercely resisted by his Liberal coalition partners. That may explain Mr Waigel's indecision, but it does not excuse it. It looks increasingly unlikely that Germany will meet the EMU criteria, strictly read, on time.

### UK house prices

From the vantage point of a Nottingham wine bar, it may indeed look as if an eighties-style housing boom is again under way. You have just banked your record City bonus. London has been declared the world's sexiest city, and the Halifax housing survey tells you that house prices in the capital are up 17 per cent year-on-year. London, however, is an aberration, not a leading indicator. At the national level prices are up by a more modest 7.2 per cent, barely changed from the previous quarter.

Factors such as the high portion of foreign buyers, record bonuses and the shortage of new houses make London unrepresentative. But trends in disposable income - historically the key determinant of demand - present even more powerful

grounds for caution. The mid-Eighties boom was fuelled by a number of years in which real personal disposable income was growing by as much as 6% per cent a year. Now that figure is only 2.3 per cent, and has barely been positive for 18 months. Moreover, with economic stability now a policy Holy Grail, politicians are likely to act much sooner to curb excess than in the Eighties. The scrapping, after the election, of mortgage interest tax relief would, of course, represent one such step.

Those intent on forecasting should avoid London and focus rather on the South East, where prices are rising at 9.1 per cent. When that figure is double digits and growing steadily, that will be the time to blow the whistle.

### UK supermarkets

The UK's big supermarkets are talking loudly about the potential for home shopping, but have yet to put their money where their mouth is. In theory, up to 20 per cent of their shoppers are interested in ordering from home and having goods delivered. But so far, Iceland is the only retailer to commit to developing a nationwide home delivery service, and this is a hybrid - consumers still have to select the goods in the store.

The reason for caution must be that home delivery is as much a threat as an opportunity. The big food retailers have an oligopoly, albeit a highly competitive one. There is a huge cost to store development and brand building, and few planning permits for big stores. In a virtual world, however, the store could become redundant. And even in the current world, if you can order durable goods over the telephone or fax machine, and pay a limited delivery charge, it should not matter where the goods come from. That would do little for valuations of their vast store portfolios.

In reality, however, supermarkets will retain significant advantages. Their brands, distribution systems, buying power and consumer knowledge will be hard to replicate. And most customers will always want to visit a store. So long as they control the process, there should be little competitive risk if they develop a relatively cheap and easy alternative to conventional shopping. But while they are making a small research and development investment, the final product launch looks remarkably distant.

## Russia gives Gazprom one month to agree shake-up

By John Thornhill in Moscow

The Russian government has given the gas monopoly Gazprom one month to agree to a restructuring, possibly involving a break-up.

Gazprom's domestic shares fell 4 per cent in early trading yesterday as investors worried about the ultimatum. However, Gazprom moved quickly to calm investors' concerns saying broad agreement was reached at a meeting on Thursday between Mr Rem Vyakhirev, chairman, and Mr Anatoly Chubais, the reformist first deputy prime minister.

Gazprom said that within a month it would propose steps to restructure the industry, increase foreign investment, and disentangle itself from its many debts. Shares recovered some of their early losses as investors questioned how radical the government could be without endangering the industry's stability.



Reformist: Anatoly Chubais

The battle over Gazprom is seen in Moscow as part of a broader struggle over economic reform, re-igniting the conflict between westerners and "Slavophiles".

A group of young reformers, including the two first deputy prime ministers, Mr Chubais and Mr Boris Nemtsov, is driving for a more open, western

style of capitalism. The group has grown increasingly bold in threatening to strip Russia's biggest company of its privileges, arguing it does not pay its fair share of taxes and is distorting the development of the economy.

However, this is being resisted by older, more nationalist-minded politicians, including Mr Victor Chernomyrdin, prime minister and former Gazprom chief, who argue for the preservation of strong national champions.

The Argument I Fact newspaper forecast such differences could lead to the emergence of a new fault line in Russian politics, with Mr Chernomyrdin associating himself more closely with the "Slavophiles".

The uncertainties leave Gazprom with problems of how to present itself to the west as it continues to woo foreign portfolio investors and prepares to publish financial accounts in June.

### Companies in this issue

Aerospaciale	4	Cape Asbestos	8	Investcorp	23
Ajinomoto	26	Comim Italiana	25	Korean Air	4
Alenia	4	Comp. de Suez	26	Kvaerner	2
Antanov	23	Daewoo Heavy Ind.	26	Lyonnaise des Eaux	26
Aon	23	Minet	23		
Bank Berlin	25	RTZ	23		
Belgacom	2	Rentokil Initial	23		
Boeing Enterprises	23	Samsung Aerospace	4		
Bre-X Minerals	3	Smith (WH)	23		
British Aerospace	4	St Paul Companies	23		
CLT-UFA	25	Thor Chemicals	6		
		Walt Disney Co	25		
		Weyerhaeuser	25		

### Markets latest

FTSE 100	4776.7	(-42.9)
Yield	3.78	
FTSE Eurotrack 100	2170.87	(-0.73)
FTSE All-Share	2078.82	(-0.99)
Nikkei	17946.98	(-361.25)
New York: Industrials		
Dow Jones Ind Ave	6451.19	(-58.88)
S & P Composite	746.99	(-12.28)
■ LONDON MONEY		
3-mo interbank	6 1/2%	(Inter)
Life long gdt fut	Jun 106 1/2	(Ant 106 1/2)
■ US LUNCHTIME RATES		
Federal Funds	5 1/4%	
3-m Treas Bill Yld	5.275%	
Long Bond	6 1/2%	
Yield	7.172%	
■ NORTH SEA OIL (Argus)		
Brent Dated	\$17.49 1/2	(17.22)
■ GOLD		
New York ComexDec	\$346.5	(\$46.5)
London	\$346.08	(\$46.15)

■ STERLING		
New York lunchtime	1.8255	
London	1.825	(1.8241)
DM	2.0715	(2.0704)
FF	6.4948	(6.4938)
Sfr	2.3858	(2.3855)
Y	204.971	(204.952)
£ Index	95.7	(95.3)
■ DOLLAR		
New York lunchtime	1.72145	
DM	5.7885	
FF	1.482	
Y	125.828	
London	1.7241	(1.7168)
FF	5.8	(5.7788)
Sfr	1.4678	(1.4688)
Y	125.14	(125.115)
£ Index	105.8	(105.7)
Tokyo close	Y 125.00	

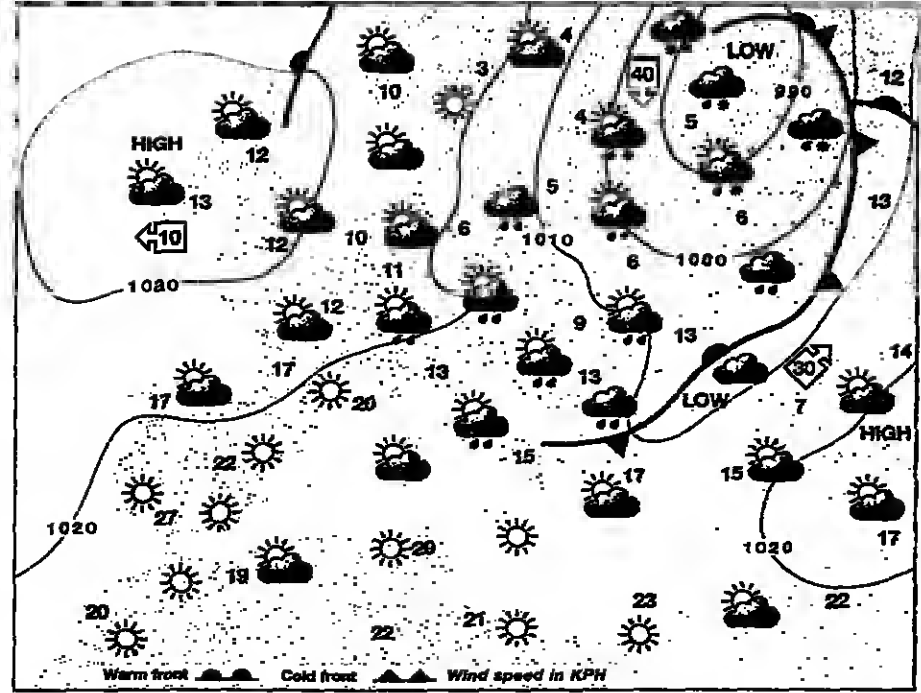
### FT WEATHER GUIDE

#### Europe today

High pressure centred over Ireland will bring fair conditions to the British Isles. The Benelux, Germany and northern France will have mild sun and cloud with a fresh to strong north-westerly wind. Southern France and the Iberian peninsula will be sunny. Showers will occur in the Alps and southern Italy, while sunny periods are expected for northern Italy. Most of the Balkans will have showers or rain, but Greece will be mainly dry with sunny periods. Low pressure will cause rain and snow showers in eastern Europe and Russia, where near gale force winds are expected.

#### Five-day forecast

High pressure will remain stationary over Ireland bringing fair conditions to the UK and western Europe. The western Mediterranean will also be settled. Low pressure will keep eastern Europe unsettled with plentiful rain, snow and strong winds.



#### TODAY'S TEMPERATURES

Maximum	Beijing	sun 24	Caracas	fair 29	Faro	sun 22	Madrid	sun 22	Rangoon	sun 35
Minimum	Cebu	sun 24	Cardiff	fair 11	Frankfurt	sun 12	Majorca	sun 20	Reykjavik	fair 8
	Belfast	sun 12	Casablanca	fair 21	Geneva	sun 15	Malta	sun 18	Rome	showers 17
	Birmingham	fair 22	Delhi	sun 28	Gibraltar	sun 20	Manchester	fair 10	S. Francisco	sun 17
	Bombay	sun 18	Dubai	sun 32	Glasgow	fair 12	Marrakech	sun 33	Singapore	cloudy 32
	Buenos Aires	fair 10	Hankow	sun 28	Hamburg	sun 23	Medan	sun 27	Stockholm	fair 3
	Bussan	fair 17	Hong Kong	cloudy 22	Heidelberg	fair 17	Mexico City	fair 26	Strasbourg	cloudy 14
	Calcutta	sun 27	Istanbul	cloudy 18	London	fair 17	Milan	fair 17	Sydney	showers 23
	Chengdu	sun 27	Jakarta	fair 31	Lisbon	fair 17	Montreal	rain 5	Taipei	fair 21
	Colombo	sun 27	Kuala Lumpur	fair 31	Lyon	fair 17	Moscow	showers 10	Tel Aviv	fair 18
	Dhaka	sun 27	Kuwait	sun 34	Nairobi	fair 27	Mumbai	rain 5	Tokyo	fair 17
	Dubai	sun 27	La Paz	sun 24	Nagasaki	showers 15	Nassau	cloudy 28	Toronto	rain 2
	Dublin	sun 27	Lima	sun 24	Nice	sun 18	New York	rain 5	Vancouver	cloudy 13
	Edinburgh	sun 23	Ljubljana	fair 26	Nicosia	sun 16	Niagara	rain 6	Verona	fair 15
			London	fair 12	Osaka	sun 16	Warsaw	showers 8	Vienna	fair 15
			Madrid	fair 20	Peking	sun 11	Washington	rain 21	Winnipeg	fair 3
					Prague	showers 5	Zurich	fair 11		

No other airline flies to more cities in Eastern Europe.

**Lufthansa**

Hicks, Muse,  
Tate & Furst  
Equity Fund III, L.P.

has successfully  
completed its  
£129 million  
recommended  
offer for

Forward  
Group PLC

Coopers  
& Lybrand

CORPORATE FINANCE

acted as  
financial advisor  
to

Hicks, Muse,  
Tate & Furst  
Equity Fund III, L.P.

Price Waterhouse

CORPORATE FINANCE

acted as  
financial advisor  
to

Forward Group PLC

This announcement appears as a matter of record only.

السوق المالية





### An athlete's gamble

'If Ladejo succeeds in the decathlon then he'll be looking at prodigious earning power. But at the moment it's zero.'

Page IX



### Sizzling climax

'After a great season, it has become a battle to keep skiing conditions as good as possible for as long as possible.'

Page XVIII



### Rural charms

'You buy your country dream house. Then one morning a tractor appears in the field outside your window...'

Page XIV

# The enemy within

Christian Tyler reports on how cold war spy tactics are being adapted to big business

When José Ignacio López, head of purchasing for General Motors, secretly met the chairman of rival Volkswagen over lunch in Frankfurt, he was struck by how much the two men had in common. It was one of the reasons, López later said, why he accepted VW's generous offer to join them.

What López did not know was that the man across the table, Ferdinand Piëch, two months before, had ordered VW's head of research to get a psychological profile of López, describing his background, character, strengths, weaknesses, likes and dislikes.

The defection of López to VW four years ago, along with colleagues from his team at Adam Opel, GM's German subsidiary, led to one of the biggest industrial espionage lawsuits of the decade.

According to the German prosecutors, the GM people brought more than expertise with them: they allegedly took 4,000 pages of computer print-out listing the 60,000 separate motor parts that Opel was buying, suppliers, prices, terms and delivery schedules. It was as if Opel had been stripped naked in the marketplace.

The targeting and seduction of Opel's purchasing chief could have come straight from a spy thriller. Its climax, the final struggle for his allegiance, was when he was invited by GM to a press conference in Detroit to announce his promotion to head GM's American operations. He duly drove to the airport - and defected to the German company.

No boss can have read the López story without feeling a clutch of fear. Attacks from outside are one thing; betrayal from within quite another.

The ramifications of the affair are still being investigated, though a civil suit was settled in January, when VW agreed out of court to pay \$100m in damages to GM and to buy \$10m worth of parts from it over the next seven years.

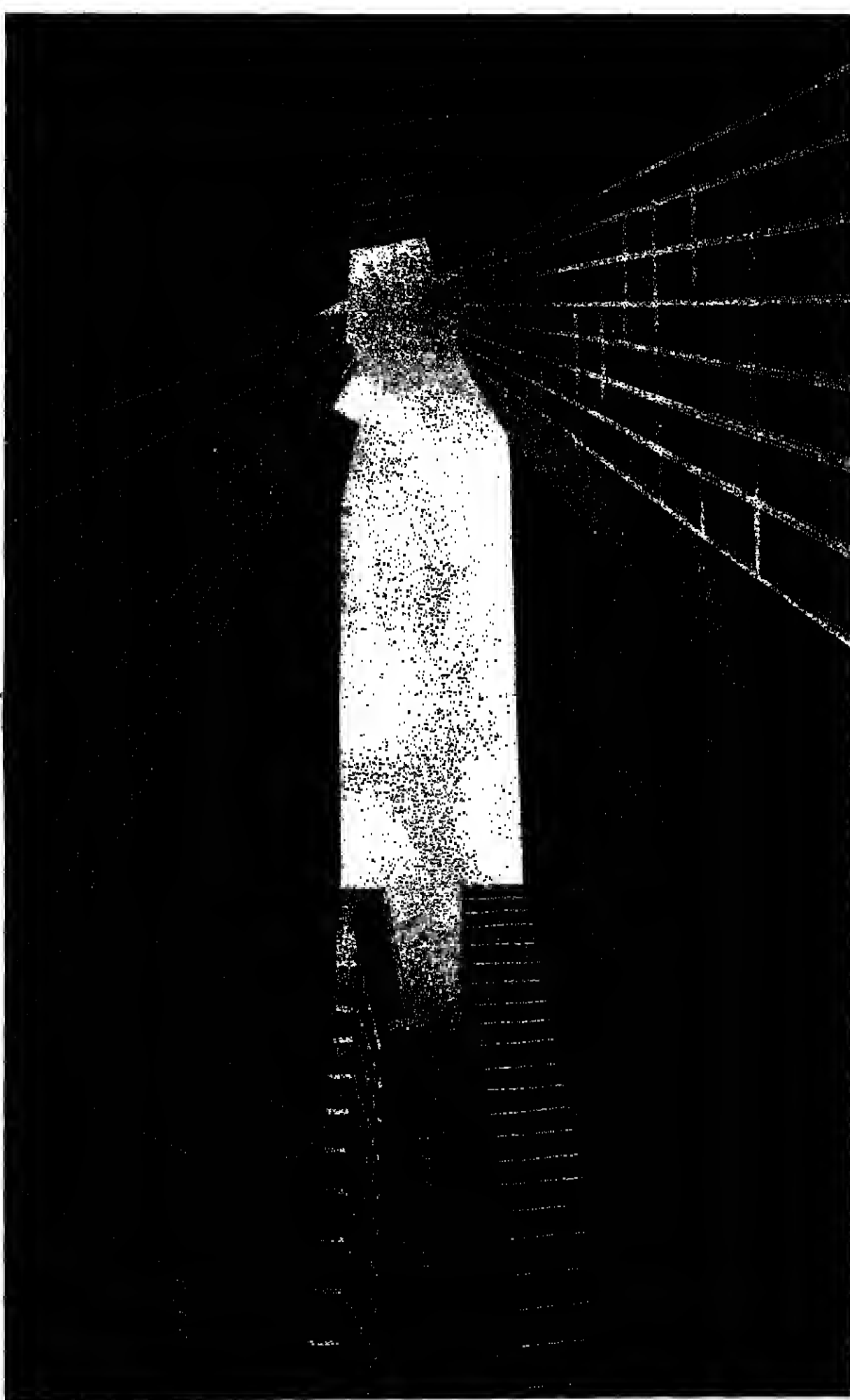
López and his friends were not spies, and comparisons with the cloak-and-dagger world of cold war espionage can be misplaced. Yet, to a commercial superpower like GM the loss of a senior executive must feel as painful as any act of cold war treason.

The US administration is certainly taking it seriously: the Economic Espionage Act, passed late last year, creates a federal offence punishable by 25 years in jail or a \$25,000 fine for individuals, and up to \$10m for companies.

The familiar techniques of flattery and corruption have found a new outlet, and hundreds of former intelligence personnel a profitable niche in the borderless world of international commercial competition. Even the simplest tricks from the spy manual have been revived.

Last year, for example, private investigators employed by Kvaerner, the Norwegian engineering group, rummaged through dustbins at the Dorset home of a former chief executive of its recently acquired British business, Davy International.

If such things can happen



in long-established companies, they can happen anywhere. And they do.

According to a corporate investigator who has worked frequently in Spain, some local companies there use family and friends to purloin product designs from foreign investors.

"The Spanish still feel themselves to be a third world country," explained Peter Lilley of Carratu International, "and they don't want to be. They want to get ahead in a hurry. The same goes for Italy."

The chaotic Russian market, where the distinction between businessman and crook can be a fine one, has been a gift to the consultancy business. And the

local talent knows it: a group of former KGB officers even advertised their services in the Wall Street Journal.

Foreign businessmen in Russia today can easily find themselves renting studios or offices from front companies of the Foreign Intelligence Service or the monitoring service FAPSI.

Apart from some spectacular defections, Russia's cold war intelligence was crude: many of the so-called secrets, *razvedka*, which KGB agents sent back, were publicly available in the west.

But it was the Soviet government in the late 1970s which showed the way in industrial espionage, espe-

cially in defence and computer equipment.

Richard Perle, the former US assistant defence secretary, used to give a slide show at the Pentagon: each picture of American weaponry would be followed by one of the pirated Soviet version, so similar as to provoke stifled mirth in the briefing room.

The peacetime threat today is perceived to be from China, hungry for technology and often heedless of western concepts of intellectual property. Here the danger is that companies will find themselves unwittingly doing business with the People's Liberation Army, via one of its network of front companies dedicated to

boosting military knowhow and profits.

China has more agents in the US than the KGB did at its peak, according to John J. Fialka, author of a forthcoming book, *War by Other Means*, on economic espionage in the US.

In many parts of Asia, he writes, entire hotels are set up for eavesdropping and every outgoing phone call is tapped. No accusation of state complicity has been made against Japan, however. It is not necessary: according to security experts, all Japanese company employees are routinely trained to keep their eyes and ears open.

This technique can get out of hand: workers in a subsid-

ary of the US pharmaceutical company Johnson & Johnson were given "Inspector Gloustan" and "Columbo" awards for snooping on competitors, complained Boehringer Mannheim, a German rival, in a US court last year.

All governments, of course, are interested in economic intelligence; but the line between that and commercial espionage is not an easy one to draw.

The German government confirmed this week that the US had recalled one of its diplomats from Bonn for alleged improper activities. The German magazine *Der Spiegel* had earlier reported that the diplomat was trying to prise high-technology secrets from an official in the economics ministry.

In the US and Britain - where a third of embassy work is now commercially related - ministries have strict rules about not passing on information to national companies. The French, who first alerted the US to Soviet technological penetration after capturing a KGB spy they codenamed "Farewell", are among the few to admit that such things go on.

They had to. In 1991, two men were seen outside a mansion in a Houston suburb heaving rubbish into the back of a van. The van was traced to the French consulate.

Pierre Marion, former head of France's secret service, the DGSE, was forced to admit that he had set up a section to spy on American companies. "When it comes to economic and technological competition," he said, "we are competitors."

A lot of people are trying to find out what others are up to. On the edge of Belgravia, one of London's most fashionable areas, stands a shop called Spycatcher.

Recently bought by the businessman Peter Cadbury, it sells a range of amusing gadgets. There are transmitters concealed in fountain pens and pocket calculators, in electric plugs and telephone jacks, even in vacuum flasks and ice buckets.

Mike Phillips, the shop's manager, an American who used to work in Silicon Valley, says Spycatcher exports 85 per cent of its hardware to the Middle East, south-east Asia and Russia and to other countries where these gadgets are illegal.

But neither he nor anyone else in the surveillance business really knows how much commercial spying goes on. A lot of the eavesdropping is done, perfectly legally, by managers listening in to their own staff. "All I know is there is a lot of equipment sold," said Phillips.

It is, of course, in the interest of equipment suppliers and corporate consultants to maximise the dangers that companies face. "All companies are paranoid about their own security," said the spokesman of one well-known British multinational. "They don't seem to mind paying consultants to tell them things they know already."

Yet all agree that the field of "competitive intelligence", as it is politely termed, is an expanding one. The privatisation of whole economies, the deregulation of monopoly markets, the globalisation of business, the spread

of foreign investment and contested takeovers, the proliferation of technology and the sheer volume of information - all have made companies more aggressive, and more vulnerable.

Books are written about the new science and degrees are earned in it. One successful author is Douglas C. Bernhardt, whose *Perfectly Legal Competitor Intelligence* is just about to be reissued by FT Pitman.

Bernhardt runs Business Research Group, a consultancy in Geneva, which advises large companies. Bernhardt stressed that his bureau does not obtain information by underhand

means, "The issue of ethics is very important, but I don't think there are universal rules any more," he said.

Bernhardt is a former arms dealer who, in October 1991, was convicted in Paris, along with three Ulster loyalists, who were trying to sell parts of a dummy British "Blowpipe" missile to a South African diplomat. He was fined FF100,000 and given a three-year suspended jail sentence.

A consultant called in to investigate a theft may find himself pitted against another. In order to sanitise the business, a professional association called the Society of Competitive Intelligence Professionals has been set up.

Its 5,000 members are meant to follow a code which vaguely urges them to obey the law, identify themselves when asking questions, and avoid "unethical practices".

SCP is influenced by the Association of Former Intelligence Officers, a group described as "very powerful" by Andre Pissier, a young manager at the corporate investigators Kroll Associates who has written a doctoral thesis on business and intelligence.

"Company information has become very valuable," he said, "more valuable than physical assets." Protecting that information is becoming ever more difficult. It is not just the tappers, buggers and hackers who are the problem, however. The problem is the loyalty - or lack of it - of employees in a world of short contracts, rapid turnover and high inducements.

Tony McStravick, former acting head of the Metropolitan police Fraud Squad in London, has worked for Kroll and is now at Control Risks Group. "It all comes down to management in the end," he said. "Companies have lost the hearts and minds of their employees because of performance pay, delayering, downsizing."

"You have to have a culture of honesty, from the top down. You must find the balance between maximising profits and being fair and honest. A lot of the time, companies forget they are dealing with human beings."

The loyalty lesson has been driven home painfully to General Motors. "You just cannot protect yourself against this kind of thing," said Horst Borghs, a board director of Adam Opel, this week. "Of course, you can protect sensitive areas like the design centre with cards and checks, but what can you do if a high-level executive is involved? You have to trust them."

## A spin-doctor writhes:

“THE SEA OF CELL-  
PHONES PARTED AND  
THERE, CENTRE STAGE,  
WAS MR. MANDELSON.

Michael Horsley, WRITHING LIKE

They candidate for

Hartlepool, sheds some

A SERPENT.

Light on how Labour's

HE LED HIS

Prince of Darkness lets

his hair down. Only in

FOLLOWERS

The Spectator, out today.

IN A FRENZIED VERSION

OF THE MACARENA.”

### This week's contents and columnists

Arts	VII, VIII	Motoring	XVII
Arts Guide	XXX	Perpectives	II-IV
Books	V, VI	Property	XIV-XVI
Bridge Chess Crossword	II	Joe Rogaly	III
Fashion	XI	Science	II
Food & Drink	XII, XIII	Small Businesses	II
Gardening	XVI	Sport	IX
How To Spend It	X, XI	Travel	XVIII-XX
Lunch with the FT	III	Weekend Investor	XXI, XXII



### Joe Rogaly Lives taken in vain

'It is easy to distress a male tree shrew. You let it see a bigger rival in the cage next door.'

Page III

### Arcadia

#### Underground Eden

'In utter darkness, fragrances wafted through the tunnel - sweet basil, thyme and rosemary.'

Page XXIV

## THE SPECTATOR

Takes political spin and smacks it over the boundary ropes of comment.



## PERSPECTIVES

## Minding Your Own Business

## Beds fit for king, queen and countrymen

Grania Langdon-Down on a company making new heirlooms for a grand price

They come with legs or casters, with drawers or ottoman chests underneath, as bunks, futons, convertible sofas, with headboards of wood, metal or button-down drayton.

But the grandest of all come with a post at each corner. Hotels know the value of a room with a four-poster bed and invariably charge a premium rate for it. But paying the equivalent of a small or medium-sized car for a four-poster at home can seem a hefty price, even if we do spend a third of our lives in bed.

This is one of the hurdles faced by Beadesert, a small company making four-poster beds mostly based on 18th century originals, for which they charge between \$5,000 and \$15,000.

"People complain about the cost. But I say, that is why everyone does not have one. They are meant to be heirlooms," explains designer Andrew Ginger, one of two partners of Beadesert, Interior Designers & Makers of Fine Beds.

One potential customer still making up her mind whether to invest in such an heirloom is the Queen of Denmark. She is considering buying one for a wedding present for her son after trying out a display bed.

"I had no idea who she was. When she asked how much the beds cost, I asked her to write down her name and address so I could send her the details. She handed a pen to the lady with her to write it down. I felt very

stupid when I read Her Majesty Queen Margaret of Denmark. I have had a few faxes since from her lady-in-waiting but nothing definite," Ginger says.

Another well-known customer is pop singer Elton John. He has one in the guest room of his Windsor home.

But it is more usual for Beadesert to sell to other interior designers. Ginger has just embarked on the design of three beds for Nina Campbell, an interior decorator, for a Scottish castle she is working on for a Texan oil

'It is important to keep moving forward - it is too easy just to drift'

company. Beadesert's office cum showroom is in a light and airy unit open to its 25ft high roof, half of it glass, in a converted laundry in Battersea, south-west London, which houses a collection of interior design companies and related businesses.

Pride of place goes to the 9ft high display bed, with gilded carved ribbon spiralling up the mahogany bedposts to the pleated cream and red drapes. The rest of the unit is taken up by a wall of material samples, an architect's drawing board and simple black tables for the computers and printer.

Ginger sees customers there and works on his commissions, while his drawings of beds and interior designs brighten the walls.

Ginger acquired the name of Beadesert and the office furniture for about \$2,000 at the end of 1992. After 15 years of trading, the original Beadesert had gone into receivership as business suffered during the recession. He started with a friend who had worked with him at the interior designers Colefax & Fowler, where they were both design assistants. After a year, the friend moved on.

However, Ginger, 33, who studied art history and architecture at Cambridge and is passionate about period interiors and furniture, realised he wanted to continue. "I asked Neil Gough, an old friend who works for an American chemical company in Hong Kong, to become a partner and he injected \$15,000 capital. This meant we could move the business from the basement of a shop in Symonds Street, just off Sloane Square, to the Old Imperial Laundry in July 1994."

Gough, 36, does the books, generally by fax, and visits when he is in London. "He really enjoys being involved in a small business over which he has a large influence," Ginger said. As the beds are all made to order, the company only has to keep samples of the bed posts rather than large quantities of stock, although the material samples alone cost about \$2,500. The main overhead is the annual \$8,000 for



Financially sound sleeping: Andrew Ginger's customers include Elton John, possibly Her Majesty Queen Margaret of Denmark and a young Swiss couple. (Left) was the last

rent and rates for the unit. Ginger takes a small salary and profits are put back into the business. Gough has yet to take any profit share.

Beadesert did so well last year that it advertised for the first time, with three half-page displays in House and Garden magazine costing \$12,000, and invested \$2,000 in setting up a site on the Internet to show off its brochure. About 1,000 people logged on to it in the first three months.

Turnover, split about equally between the beds and other interior design work, has grown from \$180,000 with profits of \$8,000 in 1994-95 to \$230,000 with profits of \$15,000 in 1995-96.

The company's trading year starts in July and in the six months from July last year to Christmas, turnover was already \$180,000 with profits up to \$17,000.

Beadesert sells between 15 and 20 beds a year, about two-thirds to UK customers and a third to Americans or Europeans. Most are made from "famed" mahogany, which comes from sustained forests in Indonesia, and the construction work is subcontracted out - the joinery is done in the Cotswolds, the carving in London, the horsehair, lambs wool and cotton pocket sprung mattresses, which cost about \$1,300, made in Newbury and the curtains, involving about

65m of material, in Kent. Most people who buy the four-posters have large houses filled with antiques. One exception was a Swiss couple who ordered an ornate gilded four-poster draped in white silk and costing about \$15,000 for their low-ceilinged, modern home in Switzerland.

"The husband wanted a mattress with no metal in it so it could not have any springs. It was made in the old-fashioned way entirely from horsehair. But it meant it needed beating and turning regularly," said Ginger. "I do not know whether it was language or expectations that caused the problems but it looked like being

our first bad debt. However, they kept the bed and they eventually settled the full amount bar the cost of the mattress, which was about \$2,000."

Some people take months to decide on one of the beds. Others know in an instant. "On one occasion, an eye surgeon from West Virginia, America, walked into the unit, looked at the bed we had on display and said 'this is the bed I have always wanted'. He wrote out a cheque for \$5,000 for the bed, minus the curtains, on the spot."

After struggling to fit in seeing clients, answering the telephone, visiting auctions and installing beds on his

own, Ginger, accepted in March that he could no longer carry on singlehanded and took on an assistant.

"It is very hard after being so used to working on my own and being in control of everything. My tendency is to say we have made some money, let's stay as we are."

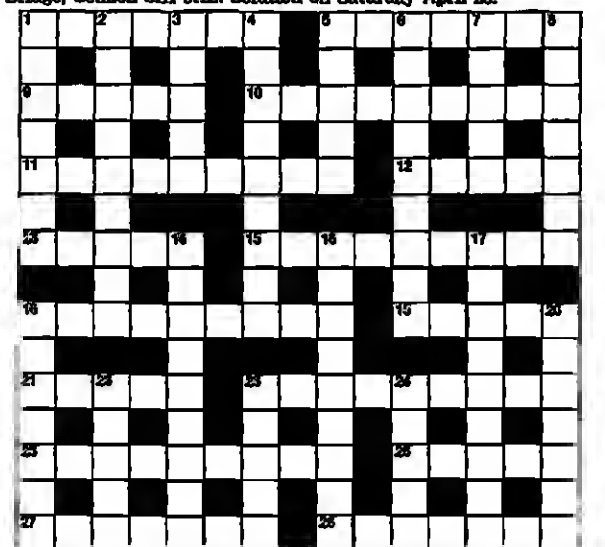
"Neil is the one always wanting to press ahead, saying it is now time to advertise, to have an employee, to expand. It is very important to keep moving forward otherwise it is too easy just to drift," Ginger said.

Beadesert, Old Imperial Laundry, Warriner Gardens, Battersea, London SW11 4XW. Tel: 0171-720 4977. Fax: 0171-720 4976.

## CROSSWORD

No. 9,347 Set by DINMUTZ

A prize of a classic Pelikan Sovereign 800 fountain pen for the first correct solution opened and five runner-up prizes of \$36 Pelikan vouchers. Solutions by Wednesday April 23, marked Crossword 9,347 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 1TA. Solution on Saturday April 26.



Name: \_\_\_\_\_  
Address: \_\_\_\_\_

- ACROSS**
- Short butcher's good simple chop? (7)
  - Assess shown on top of column (7)
  - City shrouded in mystery? (5)
  - Nursery victim of armed passerine (4,3)
  - Country home, we hear, of English humorist (9)
  - Beginner left in mountainous region (5)
  - Poet joining the old woman's service? (5)
  - Habit of counting up, to include century (9)
  - Celebrity in sergeants' mess? (9)
  - Bloomer, I call out! (5)
  - Times called in bars? (5)
  - Gloriana's favourite sheep (9)
  - Work in special construction, like a bishop (9)
  - Hill the road, painting on the way (5)
  - Dutch-born boy involved? (7)
  - People involved with troubles, say, almost identical types? (7)

Solution 9,346

DOWN

- Find a method of escape (8)
- Give off heat after one run in Brighton, say? (9)
- Wife-batterer in front of the kids (5)
- Once urge a new way to foster (8)
- Many long for nest egg (5)
- Hook-like tiara clip designed (9)
- Bertie endlessly splashing about in river (5)
- An oil spread between ends of Lincoln, for example (7)
- What Handel did with displays of fireworks? (3,6)
- One providing the spirit to keep stationary in rough ride (9)
- Off-colour, a badger is uncomfortable with others (3,2,4)
- Channels in Gulf states? (7)
- Copper tax for clergymen (7)
- Principal eastern state of America (5)
- Bloomer made by Potter's (5)
- How Germans eat in the city? (5)

Solution 9,336

WINNERS 9,336: Mrs M. Malkin, Carlisle; S. L. Abrahams, Liverpool; G. Brennan, Richmond; D. M. Ham, Bishopton; Arthur Leese, Tunbridge Wells; Pete Maclean, San Francisco

## CHESS

Britain's chess league will expand into two divisions in 1997-1998 as the 3-a-side matches continue to gain status.

Almost all the UK's best players take part, and a Scottish squad will soon join those from England, Ireland and Wales to justify the league's official title of 4NCL. There is as yet no overall backer for this widely reported competition, where the Midlands and Kent are tied for the lead going into the final weekend at West Bromwich on 26-27 April.

The league's player of the year should be Jonathan Parker. The Cambridge economics student has scored 7/8, and will have his GM result confirmed at West Bromwich.

Parker won the most dramatic game of the season, a rook offer in the romantic style of the late Mikhail Tal. Was it sound? Judge for yourself (J Parker v J Levitt).

1 d4 d5 2 c4 c6 3 Nf3 Nf6 4 Nc3 a6 5 e3 b5 6 Bg4 7 Be2 e6 8 0-0 Nbd7 9 Bb2 Be7 10 b3 Bb5 11 Ne5 Bxe2 12 Qxe2 13 Nxe7 14 Nxe7 15 Nxe7 16 Nxe7 17 Nxe7 18 Nxe7 19 Nxe7 20 Nxe7 21 Nxe7 22 Nxe7 23 Nxe7 24 Nxe7 25 Nxe7 26 Nxe7 27 Nxe7 28 Nxe7 29 Nxe7 30 Nxe7 31 Nxe7 32 Nxe7 33 Nxe7 34 Nxe7 35 Nxe7 36 Nxe7 37 Nxe7 38 Nxe7 39 Nxe7 40 Nxe7 41 Nxe7 42 Nxe7 43 Nxe7 44 Nxe7 45 Nxe7 46 Nxe7 47 Nxe7 48 Nxe7 49 Nxe7 50 Nxe7 51 Nxe7 52 Nxe7 53 Nxe7 54 Nxe7 55 Nxe7 56 Nxe7 57 Nxe7 58 Nxe7 59 Nxe7 60 Nxe7 61 Nxe7 62 Nxe7 63 Nxe7 64 Nxe7 65 Nxe7 66 Nxe7 67 Nxe7 68 Nxe7 69 Nxe7 70 Nxe7 71 Nxe7 72 Nxe7 73 Nxe7 74 Nxe7 75 Nxe7 76 Nxe7 77 Nxe7 78 Nxe7 79 Nxe7 80 Nxe7 81 Nxe7 82 Nxe7 83 Nxe7 84 Nxe7 85 Nxe7 86 Nxe7 87 Nxe7 88 Nxe7 89 Nxe7 90 Nxe7 91 Nxe7 92 Nxe7 93 Nxe7 94 Nxe7 95 Nxe7 96 Nxe7 97 Nxe7 98 Nxe7 99 Nxe7 100 Nxe7 101 Nxe7 102 Nxe7 103 Nxe7 104 Nxe7 105 Nxe7 106 Nxe7 107 Nxe7 108 Nxe7 109 Nxe7 110 Nxe7 111 Nxe7 112 Nxe7 113 Nxe7 114 Nxe7 115 Nxe7 116 Nxe7 117 Nxe7 118 Nxe7 119 Nxe7 120 Nxe7 121 Nxe7 122 Nxe7 123 Nxe7 124 Nxe7 125 Nxe7 126 Nxe7 127 Nxe7 128 Nxe7 129 Nxe7 130 Nxe7 131 Nxe7 132 Nxe7 133 Nxe7 134 Nxe7 135 Nxe7 136 Nxe7 137 Nxe7 138 Nxe7 139 Nxe7 140 Nxe7 141 Nxe7 142 Nxe7 143 Nxe7 144 Nxe7 145 Nxe7 146 Nxe7 147 Nxe7 148 Nxe7 149 Nxe7 150 Nxe7 151 Nxe7 152 Nxe7 153 Nxe7 154 Nxe7 155 Nxe7 156 Nxe7 157 Nxe7 158 Nxe7 159 Nxe7 160 Nxe7 161 Nxe7 162 Nxe7 163 Nxe7 164 Nxe7 165 Nxe7 166 Nxe7 167 Nxe7 168 Nxe7 169 Nxe7 170 Nxe7 171 Nxe7 172 Nxe7 173 Nxe7 174 Nxe7 175 Nxe7 176 Nxe7 177 Nxe7 178 Nxe7 179 Nxe7 180 Nxe7 181 Nxe7 182 Nxe7 183 Nxe7 184 Nxe7 185 Nxe7 186 Nxe7 187 Nxe7 188 Nxe7 189 Nxe7 190 Nxe7 191 Nxe7 192 Nxe7 193 Nxe7 194 Nxe7 195 Nxe7 196 Nxe7 197 Nxe7 198 Nxe7 199 Nxe7 200 Nxe7 201 Nxe7 202 Nxe7 203 Nxe7 204 Nxe7 205 Nxe7 206 Nxe7 207 Nxe7 208 Nxe7 209 Nxe7 210 Nxe7 211 Nxe7 212 Nxe7 213 Nxe7 214 Nxe7 215 Nxe7 216 Nxe7 217 Nxe7 218 Nxe7 219 Nxe7 220 Nxe7 221 Nxe7 222 Nxe7 223 Nxe7 224 Nxe7 225 Nxe7 226 Nxe7 227 Nxe7 228 Nxe7 229 Nxe7 230 Nxe7 231 Nxe7 232 Nxe7 233 Nxe7 234 Nxe7 235 Nxe7 236 Nxe7 237 Nxe7 238 Nxe7 239 Nxe7 240 Nxe7 241 Nxe7 242 Nxe7 243 Nxe7 244 Nxe7 245 Nxe7 246 Nxe7 247 Nxe7 248 Nxe7 249 Nxe7 250 Nxe7 251 Nxe7 252 Nxe7 253 Nxe7 254 Nxe7 255 Nxe7 256 Nxe7 257 Nxe7 258 Nxe7 259 Nxe7 260 Nxe7 261 Nxe7 262 Nxe7 263 Nxe7 264 Nxe7 265 Nxe7 266 Nxe7 267 Nxe7 268 Nxe7 269 Nxe7 270 Nxe7 271 Nxe7 272 Nxe7 273 Nxe7 274 Nxe7 275 Nxe7 276 Nxe7 277 Nxe7 278 Nxe7 279 Nxe7 280 Nxe7 281 Nxe7 282 Nxe7 283 Nxe7 284 Nxe7 285 Nxe7 286 Nxe7 287 Nxe7 288 Nxe7 289 Nxe7 290 Nxe7 291 Nxe7 292 Nxe7 293 Nxe7 294 Nxe7 295 Nxe7 296 Nxe7 297 Nxe7 298 Nxe7 299 Nxe7 300 Nxe7 301 Nxe7 302 Nxe7 303 Nxe7 304 Nxe7 305 Nxe7 306 Nxe7 307 Nxe7 308 Nxe7 309 Nxe7 310 Nxe7 311 Nxe7 312 Nxe7 313 Nxe7 314 Nxe7 315 Nxe7 316 Nxe7 317 Nxe7 318 Nxe7 319 Nxe7 320 Nxe7 321 Nxe7 322 Nxe7 323 Nxe7 324 Nxe7 325 Nxe7 326 Nxe7 327 Nxe7 328 Nxe7 329 Nxe7 330 Nxe7 331 Nxe7 332 Nxe7 333 Nxe7 334 Nxe7 335 Nxe7 336 Nxe7 337 Nxe7 338 Nxe7 339 Nxe7 340 Nxe7 341 Nxe7 342 Nxe7 343 Nxe7 344 Nxe7 345 Nxe7 346 Nxe7 347 Nxe7 348 Nxe7 349 Nxe7 350 Nxe7 351 Nxe7 352 Nxe7 353 Nxe7 354 Nxe7 355 Nxe7 356 Nxe7 357 Nxe7 358 Nxe7 359 Nxe7 360 Nxe7 361 Nxe7 362 Nxe7 363 Nxe7 364 Nxe7 365 Nxe7 366 Nxe7 367 Nxe7 368 Nxe7 369 Nxe7 370 Nxe7 371 Nxe7 372 Nxe7 373 Nxe7 374 Nxe7 375 Nxe7 376 Nxe7 377 Nxe7 378 Nxe7 379 Nxe7 380 Nxe7 381 Nxe7 382 Nxe7 383 Nxe7 384 Nxe7 385 Nxe7 386 Nxe7 387 Nxe7 388 Nxe7 389 Nxe7 390 Nxe7 391 Nxe7 392 Nxe7 393 Nxe7 394 Nxe7 395 Nxe7 396 Nxe7 397 Nxe7 398 Nxe7 399 Nxe7 400 Nxe7 401 Nxe7 402 Nxe7 403 Nxe7 404 Nxe7 405 Nxe7 406 Nxe7 407 Nxe7 408 Nxe7 409 Nxe7 410 Nxe7 411 Nxe7 412 Nxe7 413 Nxe7 414 Nxe7 415 Nxe7 416 Nxe7 417 Nxe7 418 Nxe7 419 Nxe7 420 Nxe7 421 Nxe7 422 Nxe7 423 Nxe7 424 Nxe7 425 Nxe7 426 Nxe7 427 Nxe7 428 Nxe7 429 Nxe7 430 Nxe7 431 Nxe7 432 Nxe7 433 Nxe7 434 Nxe7 435 Nxe7 436 Nxe7 437 Nxe7 438 Nxe7 439 Nxe7 440 Nxe7 441 Nxe7 442 Nxe7 443 Nxe7 444 Nxe7 445 Nxe7 446 Nxe7 447 Nxe7 448 Nxe7 449 Nxe7 450 Nxe7 451 Nxe7 452 Nxe7 453 Nxe7 454 Nxe7 455 Nxe7 456 Nxe7 457 Nxe7 458 Nxe7 459 Nxe7 460 Nxe7 461 Nxe7 462 Nxe7 463 Nxe7 464 Nxe7 465 Nxe7 466 Nxe7 467 Nxe7 468 Nxe7 469 Nxe7 470 Nxe7 471 Nxe7 472 Nxe7 473 Nxe7 474 Nxe7 475 Nxe7 476 Nxe7 477 Nxe7 478 Nxe7 479 Nxe7 480 Nxe7 481 Nxe7 482 Nxe7 483 Nxe7 484 Nxe7 485 Nxe7 486 Nxe7 487 Nxe7 488 Nxe7 489 Nxe7 490 Nxe7 491 Nxe7 492 Nxe7 493 Nxe7 494 Nxe7 495 Nxe7 496 Nxe7 497 Nxe7 498 Nxe7 499 Nxe7 500 Nxe7 501 Nxe7 502 Nxe7 503 Nxe7 504 Nxe7 505 Nxe7 506 Nxe7 507 Nxe7 508 Nxe7 509 Nxe7 510 Nxe7 511 Nxe7 512 Nxe7 513 Nxe7 514 Nxe7 515 Nxe7 516 Nxe7 517 Nxe7 518 Nxe7 519 Nxe7 520 Nxe7 521 Nxe7 522 Nxe7 523 Nxe7 524 Nxe7 525 Nxe7 526 Nxe7 527 Nxe7 528 Nxe7 529 Nxe7 530 Nxe7 531 Nxe7 532 Nxe7 533 Nxe7 534 Nxe7 535 Nxe7 536 Nxe7 537 Nxe7 538 Nxe7 539 Nxe7 540 Nxe7 541 Nxe7 542 Nxe7 543 Nxe7 544 Nxe7 545 Nxe7 546 Nxe7 547 Nxe7 548 Nxe7 549 Nxe7 550 Nxe7 551 Nxe7 552 Nxe7 553 Nxe7 554 Nxe7 555 Nxe7 556 Nxe7 557 Nxe7 558 Nxe7 559 Nxe7 560 Nxe7 561 Nxe7 562 Nxe7 563 Nxe7 564 Nxe7 565 Nxe7 566 Nxe7 567 Nxe7 568 Nxe7 569 Nxe7 570 Nxe7 571 Nxe7 572 Nxe7 573 Nxe7 574 Nxe7 575 Nxe7 576 Nxe7 577 Nxe7 578 Nxe7 579 Nxe7 580 Nxe7 581 Nxe7 582 Nxe7 583 Nxe7 584 Nxe7 585 Nxe7 586 Nxe7 587 Nxe7 588 Nxe7 589 Nxe7 590 Nxe7 591 Nxe7 592 Nxe7 593 Nxe7 594 Nxe7 595 Nxe7 596 Nxe7 597 Nxe7 598 Nxe7 599 Nxe7 600 Nxe7 601 Nxe7 602 Nxe7 603 Nxe7 604 Nxe7 605 Nxe7 606 Nxe7 607 Nxe7 608 Nxe7 609 Nxe7 610 Nxe7 611 Nxe7 612 Nxe7 613 Nxe7 614 Nxe7 615 Nxe7 616 Nxe7 617 Nxe7 618 Nxe7 619 Nxe7 620 Nxe7 621 Nxe7 622 Nxe7 623 Nxe7 624 Nxe7 625 Nxe7 626 Nxe7 627 Nxe7 628 Nxe7 629 Nxe7 630 Nxe7 631 Nxe7 632 Nxe7 633 Nxe7 634 Nxe7 635 Nxe7 636 Nxe7 637 Nxe7 638 Nxe7 639 Nxe7 640 Nxe7 641 Nxe7 642 Nxe7 643 Nxe7 644 Nxe7 645 Nxe7 646 Nxe7 647 Nxe7 648 Nxe7 649 Nxe7 650 Nxe7 651 Nxe7 652 Nxe7 653 Nxe7 654 Nxe7 655 Nxe7 656 Nxe7 657 Nxe7 658 Nxe7 659 Nxe7 660 Nxe7 661 Nxe7 662 Nxe7 663 Nxe7 664 Nxe7 665 Nxe7 666 Nxe7 667 Nxe7 668 Nxe7 669 Nxe7 670 Nxe7 671 Nxe7 672 Nxe7 673 Nxe7 674 Nxe7 675 Nxe7 676 Nxe7 677 Nxe7 678 Nxe7 679 Nxe7 680 Nxe7 681 Nxe7 682 Nxe7 683 Nxe7 684 Nxe7 685 Nxe7 686 Nxe7 687 Nxe7 688 Nxe7 689 Nxe7 690 Nxe7 691 Nxe7 692 Nxe7 693 Nxe7 694 Nxe7 695 Nxe7 696 Nxe7 697 Nxe7 698 Nxe7 699 Nxe7 700 Nxe7 701 Nxe7 702 Nxe7 703 Nxe7 704 Nxe7 705 Nxe7 706 Nxe7 707 Nxe7 708 Nxe7 709 Nxe7 710 Nxe7 711 Nxe7 712 Nxe7 713 Nxe7 714 Nxe7 715 Nxe7 716 Nxe7 717 Nxe7 718 Nxe7 719 Nxe7 720 Nxe7 721 Nxe7 722 Nxe7 723 Nxe7 724 Nxe7 725 Nxe7 726 Nxe7 727 Nxe7 728 Nxe7 729 Nxe7 730 Nxe7 731 Nxe7 732 Nxe7 733 Nxe7 734 Nxe7 735 Nxe7 736 Nxe7 737 Nxe7 738 Nxe7 739 Nxe7 740 Nxe7 741 Nxe7 742 Nxe7 743 Nxe7 744 Nxe7 745 Nxe7 746 Nxe7 747 Nxe7 748 Nxe7 749 Nxe7 750 Nxe7 751 Nxe7 752 Nxe7 753 Nxe7 754 Nxe7 755 Nxe7 756 Nxe7 757 Nxe7 758 Nxe7 759 Nxe7 760 Nxe7 761 Nxe7 762 Nxe7 763 Nxe7 764 Nxe7 765 Nxe7 766 Nxe7 767 Nxe7 768 Nxe7 769 Nxe7 770 Nxe7 771 Nxe7 772 Nxe7 773 Nxe7 774 Nxe7 775 Nxe7 776 Nxe7 777 Nxe7 778 Nxe7 779 Nxe7 780 Nxe7 781 Nxe7 782 Nxe7 783 Nxe7 784 Nxe7 785 Nxe7 786 Nxe7 787 Nxe7 788 Nxe7 789 Nxe7 790 Nxe7 791 Nxe7 792 Nxe7 793 Nxe7 794 Nxe7 795 Nxe7 796 Nxe7 797 Nxe7 798 Nxe7 799 Nxe7 800 Nxe7 801 Nxe7 802 Nxe7 803 Nxe7 804 Nxe7 805 Nxe7 806 Nxe7 807 Nxe7 808 Nxe7 809 Nxe7 810 Nxe7 811 Nxe7 812 Nxe7 813 Nxe7 814 Nxe7 815 Nxe7 816 Nxe7 817 Nxe7 818 Nxe7 819 Nxe7 820 Nxe7 821 Nxe7 822 Nxe7 823 Nxe7 824 Nxe7 825 Nxe7 826 Nxe7 827 Nxe7 828 Nxe7 829 Nxe7 830 Nxe7 831 Nxe7 832 Nxe7 833 Nxe7 834 Nxe7 835 Nxe7 836 Nxe7 837 Nxe7 838 Nxe7 839 Nxe7 840 Nxe7 841 Nxe7 842 Nxe7 843 Nxe7 844 Nxe7 845 Nxe7 846 Nxe7 847 Nxe7 848 Nxe7 849 Nxe7 850 Nxe7 851 Nxe7 852 Nxe7 853 Nxe7 854 Nxe7 855 Nxe7 856 Nxe7 857 Nxe7 858 Nxe7 859 Nxe7 860 Nxe7 861 Nxe7 862 Nxe7 863 Nxe7 864 Nxe7 865 Nxe7 866 Nxe7 867 Nxe7 868 Nxe7 869 Nxe7 870 Nxe7 871 Nxe7 872 Nxe7 873 Nxe7 874 Nxe7 875 Nxe7 876 Nxe7 877 Nxe7 878 Nxe7 879 Nxe7 880 Nxe7 881 Nxe7 882 Nxe7 883 Nxe7 884 Nxe7 885 Nxe7 886 Nxe7 887 Nxe7 888 Nxe7 889 Nxe7 890 Nxe7 891 Nxe7 892 Nxe7 893 Nxe7 894 Nxe7 895 Nxe7 896 Nxe7 897 Nxe7 898 Nxe7 899 Nxe7 900 Nxe7 901 Nxe7 902 Nxe7 903 Nxe7 904 Nxe7 905 Nxe7 906 Nxe7 907 Nxe7 908 Nxe7 909 Nxe7 910 Nxe7 911 Nxe7 912 Nxe7 913 Nxe7 914 Nxe7 915 Nxe7 916 Nxe7 917 Nxe7 918 Nxe7 919 Nxe7 920 Nxe7 921 Nxe7 922 Nxe7 923 Nxe7 924 Nxe7 925 Nxe7 926 Nxe7 927 Nxe7 928 Nxe7 929 Nxe7 930 Nxe7 931 Nxe7 932 Nxe7 933 Nxe7 934 Nxe7 935 Nxe7 936 Nxe7 937 Nxe7 938 Nxe7 939 Nxe7 940 Nxe7 941 Nxe7 942 Nxe7 943 Nxe7 944 Nxe7 945 Nxe7 946 Nxe7 947 Nxe7 948 Nxe7 949 Nxe7 950 Nxe7 951 Nxe7 952 Nxe7 953 Nxe7 954 Nxe7 955 Nxe7 956 Nxe7 957 Nxe7 958 Nxe7 959 Nxe7 960 Nxe7 961 Nxe7 962 Nxe7 963 Nxe7 964 Nxe7 965 Nxe7 966 Nxe7 967 Nxe7 968 Nxe7 969 Nxe7 970 Nxe7 971 Nxe7 972 Nxe7 973 Nxe7 974 Nxe7 975 Nxe7 976 Nxe7 977 Nxe7 978 Nxe7 979 Nxe7 980 Nxe7 981 Nxe7 982 Nxe7 983 Nxe7 984 Nxe7 985 Nxe7 986 Nxe7 987 Nxe7 988 Nxe7 989 Nxe7 990 Nxe7 991 Nxe7 992 Nxe7 993 Nxe7 994 Nxe7 995 Nxe7 996 Nxe7 997 Nxe7 998 Nxe7 999 Nxe7 1000 Nxe7 1001 Nxe7 1002 Nxe7 1003 Nxe7 1004 Nxe7 1005 Nxe7 1006 Nxe7 1007 Nxe7 1008 Nxe7 1009 Nxe7 1010 Nxe7 1011 Nxe7 1012 Nxe7 1013 Nxe7 1014 Nxe7 1015 Nxe7 1016 Nxe7 1017 Nxe7 1018 Nxe7 1019 Nxe7 1020 Nxe7 1021 Nxe7 1022 Nxe7 1023 Nxe7 1024 Nxe7 1025 Nxe7 1026 Nxe7 1027 Nxe7 1028 Nxe7 1029 Nxe7 1030 Nxe7 1031 Nxe7 1032 Nxe7 1033 Nxe7 1034 Nxe7 1035 Nxe7 1036 Nxe7 1037 Nxe7 1038 Nxe7 1039 Nxe7 1040 Nxe7 1041 Nxe7 1042 Nxe7 1043 Nxe7 1044 Nxe7 1045 Nxe7 1046 Nxe7 1047 Nxe7 1048 Nxe7 1049 Nxe7 1050 Nxe7 1051 Nxe7 1052 Nxe7 1053 Nxe7 1054 Nxe7 1055 Nxe7 1056 Nxe7 1057 Nxe7 1058 Nxe7 1059 Nxe7 1060 Nxe7 1061 Nxe7 1062 Nxe7 1063 Nxe7 1064 Nxe7 1065 Nxe7 1066 Nxe7 1067 Nxe7 1068 Nxe7 1069 Nxe7 1070 Nxe7 1071 Nxe7 1072 Nxe7 1073 Nxe7 1074 Nxe7 1075 Nxe7 1076 Nxe7 1077 Nxe7 1078 Nxe7 1079 Nxe7 1080 Nxe7 1081 Nxe7 1082 Nxe7 1083 Nxe7 1084 Nxe7 1085 Nxe7 1086 Nxe7 1087 Nxe7 1088 Nxe7 1089 Nxe7 1090 Nxe7 1091 Nxe7 1092 Nxe7 1093 Nxe7 1094 Nxe7 1095 Nxe7 1096 Nxe7 1097 Nxe7 1098 Nxe7 1099 Nxe7 1100 Nxe7 1101 Nxe7 1102 Nxe7 1103 Nxe7 1104 Nxe7 1105 Nxe7 1106 Nxe7 1107 Nxe7 1108 Nxe7 110



PERSPECTIVES



Joe Rogaly

## Are all those lives taken in vain?

We might be able to justify the deaths of tree shrews but the hunting of deer is cruel – that's a scientific fact

**W**e humans are fastidious: when we torture and kill other species we like to think about it, justify our actions, explain the costs and benefits. Hunting stags on horseback, accompanied by packs of hounds, causes severe discomfort to the quarry, but keeps the deer population down. Injecting tree shrews with a DNA witches' broth, then cutting up their brains to see the effect, could lead to discoveries that benefit our species.

Hold hard. I am not about to lecture you from an animal rights' pulpit. You are reading the words of a slavering carnivore whose teeth have been reddened by the products of intensive farming and whose palate has on rare and glorious occasions been sated by the finest of

venison. It is true that we are too squeamish to buy a mousetrap for our kitchen, but if the little blighter can be tempted into an executive-class, non-lethal cage he will be carried far away and released to feed for himself.

The tree shrews in this day's tale were not set free, or even paroled. A hand or two long, these small animals look like pointy-faced squirrels. They are useful in laboratories because they share characteristics with insectivores and primates. The fate of one particular batch is described in a paper published in the April edition of the *Journal of Neuroscience*.

Elizabeth Gould and four colleagues sought evidence that neurons are produced in a certain part of the brain of adult *Apodemus sylvaticus*. If they, perhaps humans. If us, perhaps

treatments of diseases like Alzheimer's might one day be indicated. This is my speculation, not Professor Gould's.

The team found what it was looking for, and did so according to the book of rules for humane vivisection. The tree shrews were taken from the breeding colony at the German Primate Center at Göttingen. Formal guidelines for animal experiments were observed. The procedure was approved by the government of Lower Saxony. The *Apodemus sylvaticus* were kept one to a cage in air-conditioned rooms, lit by day. They were anaesthetised before dissection. Neuron production was proven.

Having established that, the researchers asked themselves what would happen if the animals were first placed under stress? This can interfere with

the creation of neurons in the unborn, but what of adults? It is easy to distress a male tree shrew. You let it see a bigger rival in the cage next door. It becomes very still. Its tail ruffles. It cries in alarm. If you let this go on for an hour then give it some knock-out drops, open it up, and look at its brain you find far less evidence of neuron generation.

We may ask whether we need to know that. We must think of the answer ourselves. Professor Gould, whose contact address is the department of psychology at Princeton University, New Jersey, was not writing about such matters of philosophy. We non-scientists can blather on about a connection between what the paper calls "psychosocial stress" in adult tree shrews and equivalent conditions in humans. Per-

haps being subordinate inhibits the production of brain cells, assuming they are on stream. Dornish behaviour upsets people. That would be an additional bit of potentially beneficial information for all the human sciences, would it not?

The utility of deer hunting is less easily established. The practice was investigated for two years by a team whose chairman, Patrick Bateson, presented his report to Britain's National Trust this week. A stag may evade the hounds baying behind it for hours, covering distances as long as 20 or 30 miles – 12 on average. Unsurprisingly, the chase turns out to be highly stressful for the quarry.

With Elizabeth Bradshaw, Professor Bateson conducted tests on the blood of hunted deer, searching out indicators that

support rules on the transportation or slaughter of farm animals. They concluded that the hunt is cruel, far more distressing than the shorter process of ambush by wolves in the wild.

Proponents of the hunt argue that it is necessary to keep numbers down. That can be done by stalking and a quick rifle-shot. Others protest that jobs associated with the sport are not easily replaced; yet others that only country folk can understand rural rituals. Riding to hounds, in full regalia, is usually described, other than by deer, as "thrilling". Its supporters will doubtless question the extent to which the degree of suffering endured by animals can be established; the stag does not think, as do we.

The deer hunters are likely to find it difficult to talk them-

selves out of the Bateson report. It has confirmed by scientific method what to the outsider was always blindingly obvious. It is aimed with precision. It speaks only of deer. Its conclusions are not extended to the fox, a different animal with a practised run. In Britain, fox hunters, who also ride to hounds, are either glorious upholders of tradition or lusters after blood, depending on your point of view.

Perhaps it will cease. The chase may be rendered illegal after the May 1 general election. It depends on how many anti-hunt MPs are returned. They should ask why some of us enjoy killing other creatures. Cock-fighting, bear-baiting and bull-fighting are but a few of the pursuits humans justify in the name of sport. At least the tree shrew does not perish in vain.

Green Tea with the FT

## A bright light reflecting Japan's reality

Robert Thomson meets Beat Takeshi, a comedian, film-maker and very influential man

**T**he heavy studio traffic of larger-than-life dalmatian costumes, fright wigs, mustard-coloured mannequins and ersatz nurses suggested that the imagination of Takeshi Kitano was hard at work. A few minutes later, filming done, he had prepared a pot of green tea, slipped off his shoes, and knelt on the straw-matted floor to which he retreats when not cracking on-camera jokes.

Describing Beat Takeshi, as he is stage named, as a comedian or actor or film-maker would be technically correct, but neglects his more important role as one of the few Japanese public figures who says out loud what others would prefer not to discuss. Instead of the evasive triple negatives employed by the average prime minister with limited lifespan, the enduring and more influential Beat Takeshi talks straight, if from the corner of his mouth.

He was momentarily famous outside Japan through the prison-of-war film *Merry Christmas, Mr Lawrence*, in which he was a tough but, in the end, charming sergeant. It was his bawling, unnerve-provoking pronunciation of "Merry Christmas, Mr Lawrence" that gave the film its title. Since then, his own films have done the rounds of international film festivals, where he is already ripe for retrospectives, and he has churned out thousands of hours of prime-time, knock-about television comedy and commentary.

When British or American programmers, attempting to amuse or shock their own audiences, screen the appalling antics of Japanese television (the cruellest of using construction site cranes to throw guests into the harbour and scorpions down the underpants, that sort of stuff) much of it is Takeshi TV. He sees calculated torment as an extension of a traditional genre.

"We cannot ignore cruel

humour. We do not like it, but you know it is there. It exists. This kind of feeling is very deeply rooted in Japan. We accept that it is part of the range of emotions."

For him, this honesty is linked to his broader role as a mouthpiece for reality in a society which celebrates the abstruse: "I simply say what I really feel or think, and that could reflect what the public thinks. However, in Japan, there is an understanding that there are some things you shouldn't say, even if people feel it. I represent the ability to say it."

But is he conscious of influencing public opinion, given that teenagers have

**'They wanted to operate on my brain, but... I told them I didn't mind if I became a fool'**

ranked him close behind their parents as the "most respected" figure in society? Is he intimidated by the role? "Everybody laughs when I say something outrageous, but does it change them? The laugh could be the end of it. The end of an act of creation. It is not easy to change people in Japan. Take the example of the homeless. Japanese try to hide the existence of the homeless from foreigners, but everyone knows we have many homeless. But even the volunteers who try to solve this problem recognise that we will always have homeless, so they are hypocrites in a different way."

As he spoke, Beat Takeshi repeatedly pinched his right cheek, severely scarred from a motorcycle accident in Tokyo that left him close to death three years ago. "They wanted to operate on my brain, but I wouldn't let

them. I told them I didn't mind if I became a fool."

He has lost some feeling in his face, but is reluctant to allow the dozens of wannabe healers to go to work on his 50-year-old body. "I fear they would just boast that 'I cured Beat Takeshi'."

The accident has been "useful", he says, in helping him to sort out his relationship with death, though he is now accused by fallen fans of becoming less edgy, more predictable: "When I was young, I was very afraid of dying. I had so many things that I wanted to do, and was haunted because I thought I may not be able to do them. When I came back to my senses in hospital, I didn't feel happy or sorry or sad. I accepted what had happened. Now I am more confident about the line I am walking. I don't have any interest in money or fame. I do have a deep interest in creation."

He is contemptuous of the rise of sects and new religions in Japan. For him, the spiritual side is a "puzzle". "Human creative power is a wonderful thing, but there is something exceeding that creative ability. When we ask a child to draw an animal he has never seen, we think the child is full of imagination, full of creativity, but he is almost certain to draw something close to an existing animal, with a big nose or a long tail, something they like. And, if a child was to draw something that was totally creative, none of us would understand that this is an animal."

Having replaced his plastic cigarette with the real thing, he tugged at his ordinary woollen jumper of vibrant colours and explained that more than two decades of fame have taught him to be careful about controlling his exposure.

"People get attracted to you. They see something shining brightly in the pond and are very curious to know what it is. So they want to go over to it, to remove the object from the water. But it may only be a



Beat Takeshi: 'I simply say what I really feel or think... in Japan there is an understanding there are some things you shouldn't say... I represent the ability to say it' RYUO

piece of broken mirror or an empty can. The shining object is only bright in the pond."

"You have to keep changing your status, from the outlaw to the orthodox. When you are too orthodox, you lose your edge. You have to be careful that you don't get caught in the mainstream."

He is a remarkable performer. Many of his pro-

grammes are haphazardly structured, and dependent on him finding a profound observation or successfully reaching for raw humour. His line of logic links the political, the spiritual and the slapstick. The material is gathered, he says, from reading and thinking outside camera hours, but he is careful not to force the wit.

"I see myself as kind of fish. You look at a fish and

you can't quite see how it is swimming, but, to the fish, swimming is natural. You bear things, information comes to you, you trip across ideas, a lot of it is commonsense."

"When I want to know more, I will go to the bookshop. It all happens in a very natural manner. One thing I do avoid is the 'entertainment world'. I am very careful to separate my workplace

from my outside life." Having dominated Japanese television and, when not in hospital, directed or acted in almost a film a year for the past decade, what about stardom and influence in the outside world?

His films have an art house acceptability, with reviewers finding them "singular", "witty" and "challenging", but he has not bothered to aim directly at

an international audience.

"When you want to become mainstream in Europe, then you are tempted to analyse what will be accepted. That is a kind of flattery of western culture. Europeans are smart enough to reject that flattery. If I make a film I like, and it is accepted, fair enough. There is a possibility of success, but I don't want to be distracted by it."

Truth of the Matter

## Duty to live long and be ordinary

The end of the world may not be nigh, but it is still a possibility, says John Leslie

**I** am an optimist. People have presumed from the title of my book *The End of the World*, that I must be a desperate doomsayer, but I do guess that our chances of surviving the next five centuries are about 70 per cent.

Truth is that before meeting the so-called Doomsday Argument my estimate was around 95 per cent. Some people would call that wildly optimistic – particularly in the light of dangers from loss of the ozone layer to the rise of an incurable pandemic.

Having spent several years looking at all possible ways that humans might become extinct – "rumpling through the grisly scenarios", as one critic put it – I feel a moral responsibility towards billions of people I have never met because they are not yet born. In fact, these people may never be born unless we make efforts to avert the potential disasters.

Many of today's philosophers see no ethical importance in

whether the universe becomes empty of intelligent life. In their eyes, ethics is all about people living happily together, if there do happen to be people. Whether there are people doesn't matter to these philosophers.

To me, in contrast, the more happy people the better. One important event of recent months was NASA's controversial "finding of fossil life on Mars". If confirmed, that would be good news, tending to show that life is common in the universe.

All the same, we have a heavy responsibility towards the people we know exist, humans. Of all humans who have ever lived, getting on to 10 per cent are still

alive today, thanks to the population explosion of the 20th century. If we take sufficient care, the number of future humans could be a million times greater than the number who have already lived.

The dawn of 2000, beloved or feared by crackpots and millennial cults, could present special dangers, but not, I think, of a fatal kind. Up to 45,000 main-frame computers could crash as their clocks malfunctioned, treating 2000 as if were 1900. The potential for financial havoc is obvious, and the US Defence Department has warned that some weapons systems could become uncontrollable.

However, a far more serious threat is loss of the ozone layer which shields us and other life against ultraviolet rays. Last year, Nobel Prizes went to three scientists for having forecast ozone depletion, yet powerful political and industrial groups often oppose bans on ozone-depleting chemicals.

**H**ow about the asteroid threat? To save a mere 250,000 a year, Australia is ending its asteroid tracking programme. Yet Sydney, for instance, might stand a one in four chance of being destroyed by an asteroid during the next two centuries.

This doesn't mean a direct hit. Last May, a 1/4km-wide body passed our planet at a distance just further than the moon. Something much smaller splashing into the sea 1,000 miles away would cause enough of a tidal wave to overwhelm Sydney.

Luckily, 20km-wide objects, potential causes of doom for all, hit only about once in 100m years.

There is still a possibility of nuclear Armageddon, cataclysmic biological warfare, the loss of so many plants and animals that the biosphere collapses, or a disaster in genetic engineering. It is even conceivable that physicists, experimenting with

extremely high energies, could create a tiny hubbly which could then expand at almost the speed of light and destroy the galaxy.

Threats of these sorts could be an excuse for saying that we stand a 5 per cent chance of destruction in the next 500 years. But how does the Doomsday Argument manage to lift this figure to 30 per cent?

A mathematician and Fellow of the Royal Society, Brandon Carter, discovered the argument at Cambridge 14 years ago. He argues that you and I should hesitate to view ourselves as highly exceptional humans. Well, if the human race continued onwards

for many more centuries, and managed to colonise other planets, then perhaps only a millionth of 1 per cent of all humans would have lived when we did.

In contrast, the percentage would be much, much higher if doom came soon, let's say, within the next couple of hundred years. Don't forget, about 10 per cent of all the people who have lived so far are alive at this moment. So, if doom came soon, we would be rather ordinary humans, wouldn't we? And that, rather than part of a highly exceptional fraction of a per cent, is what humans could well expect to be.

This numbers game works well as a way of destroying great confidence in a long future for humans. We have a duty to take great care not to destroy our planet.

**John Leslie is a Canadian philosopher and the author of *The End of the World: the science and ethics of human extinction*, Routledge, London, £14.95.**



## PERSPECTIVES

**H**ans Balmer from Baste in Switzerland is a man with a mission. Known in the area as the Kompostpope ("the compost pope"), he has worked tirelessly for the past 18 years at converting the populace to the joys of composting.

A frequent after-dinner speaker in villages and church halls, he also makes guest appearances at private compost parties. These are a bit like Tupperware parties but instead of hurrying ice cream containers and nifty little salad dressing shakers to take away, you get a free 10-litre sack of home-made, nutrient-packed compost, hot from the expert's heap.

I once accepted an invitation to hear Balmer speak in our village. A team of eco-friendly neighbours had assembled to listen to him expound on the intricacies of throwing away practically anything. Statistic

## Garbage according to a compost pope

Sue Style discovers the gentle art of decomposition – and cross-border rubbish disposal

followed hot upon the heel of statistic, graphs and pie charts were flashed up on the screen. Diagrams of soil composition and worm populations were dangled tantalisingly before our eyes.

Our expert warmed visibly to his subject. While it would be wrong to claim that I caught every word of his by now very animated Swiss German, I think I got the gist.

The climax came when, explaining the pointlessness of forking tonnes of expensive and eco-unfriendly peat into our clay-bound gardens, he carelessly tossed in the observation that if all the bales of peat used by Swiss gardeners were lined up

and to end, they would stretch from Basel to Rotterdam.

There was a sharp intake of breath. We set off home in high spirits, ready to reassemble the following Saturday morning for a practical session, lured by the promise of our freebie sack of compost.

Balmer's chief selling point is the betterment of one's soil, otherwise known as Bodenverbesserung. But composting is also a good way of disposing of rubbish which would otherwise be clogging up the dust carts. And it is only one element in the wider picture of rubbish disposal, at which the Swiss are absolute masters.

Good citizens not only

earmark their rotten apples, coffee grounds and eggshells for the compost heap, they also

stack up newspapers for monthly collection, take their bottles to the bottle bank, roll up pieces of foil into neatly recyclable balls, flatten their label-less tin cans and post them through small slits in the side of large bins, and carefully set aside any remaining non-combustible junk.

There are special instructions from the council on how to dispose of the corpses of (small) domestic animals, used cooking oil or elderly lawnmowers. Nothing is left to chance.

The hope is that landfill sites will diminish and there will be little left for the council dust

cart to take away, community costs will be slashed, taxes may even be lowered.

An added advantage – implicit but not articulated – is that the Swiss may bask in the warm glow of self-righteousness that comes only from inner Umweltfreundlichkeit (eco-friendliness).

Little wonder that decomposition and other disciplined ways to dispose of garbage are the subject of intense and earnest discussion at Swiss dinner tables nowadays. In the town of Basel rubbish may only be proffered to the dustman if enclosed in special plastic bags bearing the city stamp. These cost around Sfr2 (about £1) each.

Anything not packed in these special sacks will lie about unclaimed, on the pavement.

Neighbours, twitching the curtains, will mark down and exclaim over such shocking practices – and neighbours (as all who live in Switzerland will know) are a force to be reckoned with.

Whatever John Gummer, the British environment minister, may claim, rationing rubbish is not without its drawbacks. Two problems have arisen since these draconian measures were introduced in Basel. First, the city sewerage system has apparently come under considerable strain as people consign things to the lavatory

which would certainly be better off elsewhere.

Worse still, otherwise upright Swiss citizens have been caught creeping over the border into Alsace to throw their detritus into French ditches. French customs officers, alerted to this practice, have taken undisguised delight in instituting random rubbish checks on Swiss-registered cars. Boots are opened to reveal shopping bags bulging with last week's Baster Zeitsung, stale bread and discarded chocolate wrappers. What would the neighbours say?

"People usually seem quite embarrassed when we stop them," commented a French customs man recently, the corners of his mouth twitching in a barely suppressed smirk.

"They seem in rather a hurry to get home, and they pay the fine very promptly without fuss."

## The great lost and found garden

Overgrown and unloved, an 18th century garden has reappeared in a historic estate, says Clive Fewins

**P**hilip White cannot remember the first time he heard of Hestercombe. A farmer's son, he was brought up only a mile along a winding lane from the great house and garden in the west of England that bears that name.

As a small boy in the 1950s he often heard his parents talk of the famous partnership between Sir Edwin Lutyens and Gertrude Jekyll, which created the 8-acre formal garden at the start of the century.

However, it was not until he was at school in the 1960s that he heard the tale of a great lost garden close by, created by Coplestone Warre Bampfylde, the owner of Hestercombe in the mid-18th century, but so overgrown that it was virtually impenetrable.

The formal Lutyens/Jekyll garden was not open to the public in the 1960s (it opened for the first time in the 1970s), but on days when the grounds were open Hestercombe still held some appeal to a small boy. This came in the shape of gleaming red fire engines on the forecourt, which in 1952 had become the headquarters of the Somerset county fire brigade.

To the young Philip the great house seemed an unwelcome place – a dark, ungainly, Victorian Italianate mansion. Indeed, Lutyens referred to it in letters to Lady Emily Lutyens in 1904 as "a self-satisfied, comfortable English sporting squire of a house".

White's fascination lay in another direction. Whenever he went there he found himself gazing at the thick woods to the north. But what then presented only a mystery to a young boy is now the restored "lost garden", which on April 23, will open to the public for the first time. They will be able to take the winding path re-excavated largely by bands of volunteers, past a pear-shaped lake and across a

rebuild dam at the foot of the valley to see the reconstruction work on the first two of the seven follies that White believes existed in the original garden.

Great 18th century landscaped gardens such as Hestercombe were built by their owners to create a suitable setting for their new classical-style houses, and views through which their guests could see and admire the building. The follies – buildings of no practical use – were another reflection of the owners' wealth. Many derived from the classical ideals of Greece and Rome, to which their owners claimed to aspire.

The particular interest of Hestercombe, apart from its

**'Beyond that it was impenetrable, but I had a good idea from research of what lay there'**

superb setting, with wide views over Taunton Vale, is that it is different from other great landscaped gardens of its age – including Stourhead, Painshill, Stowe and Studley Royal – because its style was not changed by later gardeners.

"Hestercombe is so exciting because it is unique," White said. "Bampfylde's 18th century landscape was followed by a 19th century terrace, which was replanted in the Victorian style. The Lutyens/Jekyll garden followed on a different site. There is even the remains of a Tudor deer park, making Hestercombe a site of international importance."

White's passion has always been conservation. In October 1991, when his father retired from the fami-

ly a 56-acre dairy farm and milk quotas were introduced, placing, according to White, greater financial pressures on the farm, he decided to follow his real interest. He let the farm and took a job with the Somerset Wildlife Trust at a salary of £10,000. He calculated that with the rent from the farm he could just about support his wife and four young sons.

His work base was an office rented from the county council on the third floor of Hestercombe House. "My main view was of the Lutyens garden, by then open to the public, and the coaches that regularly disgorged long queues of elderly couples who had travelled miles to see it," White said.

"What struck me was that people were still ignoring the fact that there was a much older garden on a grander scale beneath the thick woodland only a few hundred yards to the north."

White took his first few tentative steps into the woods in early 1992. He was only able to progress about 20 yards. "Beyond that it was impenetrable, but I had a good idea from my research of what lay there."

In 1993, the Crown Estates had felled most of the mature trees planted by Coplestone Warre Bampfylde in the 18th century. In their place they planted hundreds of ash, beech, sycamore and larch on the site, a comb, which descends from the southern tip of the Quantock hills.

Once White had managed to penetrate a little further up the comb, and worked out the layout of Bampfylde's great landscaped creation, his decision to mastermind its restoration was immediate.

"I can remember going back to the office and saying to my colleague David Usher, head gardener at Hestercombe House, that we just had to recreate this garden," he said.

Usher, too, had been famil-

iar with what lay in the woods, but his explorations had taken him little farther than following the tell-tale trickle of water that still ran down the comb, ending up in the former mill pond by the side of Hestercombe House. The trickle provided the only clue that the stream had been made by Bampfylde to cascade over an artificial cliff and run down to the house via four ornamental pools.

Five years later White, Usher and Graham Burton, the one employee of the garden's restoration, known as the Hestercombe Garden Project, are pleased to reveal their efforts to the public.

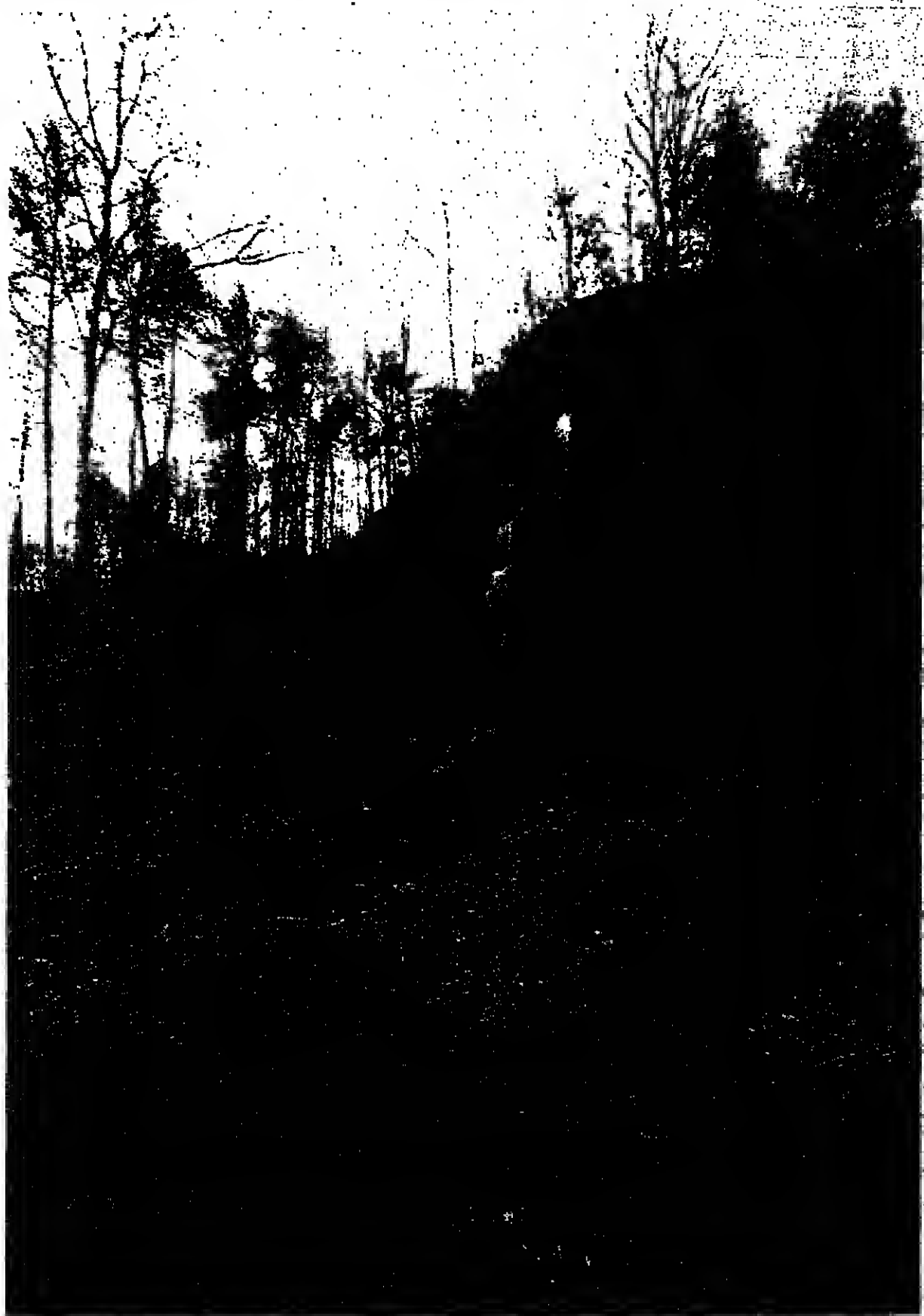
Water now thunders over the 50ft cascade. It is fed by the rebuilt brick leet that diverts the water from the stream higher up the valley, seemingly transporting it uphill in the process.

Visitors will be given a leaflet on the history of the great garden with notes on Bampfylde, who was also responsible for creating the cascade in the garden at Stourhead, Wiltshire.

Over the past five years White has become almost as entranced with the creator of Hestercombe's great landscaped garden as the site itself.

"Bampfylde was a big man in every way. A very warm character and very much more than just a well-educated 18th century gentleman amateur," White said. "He designed with a painter's eye and brought all his abilities together designing what he called his Arcadian Pleasure Grounds at Hestercombe."

In the summer of 1995, as a precursor to the fundraising activities for Hestercombe, White persuaded Christie's to mount a two-week exhibition of Bampfylde's watercolours, "A gentleman of fine taste". So far he has managed to raise £250,000 for the Hestercombe Garden project, which he estimates will take about another eight years to complete. Early this



Tell-tale trickle: Hestercombe's restored hidden garden

Alan Liddard

year he left his job to become its full-time director.

"If it were not for large grants from the government's Countryside Steward-

ship scheme I do not see how we should have got this far," he said. "Our big hope for the future is money from the National Lottery."

"I also hope that when visitors see what we have achieved so far they will give generously."

**■ The Hestercombe Gardens Project, Hestercombe House, Cheddar Fitzpatrick, Taunton, Somerset. TA2 8LQ. 01223-413923.**

## Selling the family jewels

Pamela Harriman's collected fortune will soon be for sale, reports Antony Thorncroft

**T**here is nothing that an auction house relishes more than disposing of the estate of a famous personality. Last year Sotheby's unromantically estimated that the soft furnishings and knick-knacks bequeathed by the late Jackie (Kennedy) Onassis to her children might be worth up to \$5m in the saleroom.

It ignored the American public's obsession with their former first lady, an obsession which left the Kennedy heirs around \$34m richer at the end of four days of frenzied buying.

The late Pamela Harriman may not carry the popular caché of Jackie O, hot at least her works of art, which come under the hammer at Sotheby's in New York on May 19 and 20, have some artistic pretension, and include paintings by John Singer Sargent, Seurat and Delaunay – as well as a still-life by her former father-in-law, Sir Winston Churchill.

And in terms of drama, the life of Pamela Harriman makes that of Jackie Onassis look positively tame. It is appropriate that she ended her days as Ambassador Harriman, the respected representative of the US in France, for Paris was the

perfect climax for the last "grande horizontale", a woman who used her physical charms to speed her progress through life.

Born the younger daughter of Lord Digby, with all the confidence of a member of the British aristocracy, her three husbands – Randolph Churchill, Broadway producer Leyland Hayward and Averell Harriman – contributed, in turn, unrivalled connections, show business glamour and moxie, while her string of lovers, which included Onassis, Marchos, Agnelli, Elie de Rothschild, Sinatra, the Aly Khan (for starters), provided unparalleled luxury. At 51 and widowed, she turned to one of her early lovers, Harriman, a man 30 years her senior, for financial security in old age.

Heir to a railroad fortune, and a prominent Democratic politician, he certainly provided it, and on his death in 1986 she inherited most of his fortune, reputedly \$42m in cash, and an art collection estimated at \$66m. Pamela Harriman was no great collector, but hardly needed to be. The gifts and furnishings of her husbands and lovers surrounded her with all the trappings of wealth.

She did, however, buy the Sargent, "Staircase in Capri", which with a top estimate of \$1m, is the most expensive lot in the auction.

She also acquired some of the French furniture. But if Harriman was not a voracious collector she certainly appreciated the value of art, and it was knowledge that proved very useful to her two years ago.

Somehow she managed to

disseminate much of a trust fund set up for Harriman's children. Expensive legal suits followed and she was forced to auction off some of the finest paintings collected by her husband.

It was not the best of times to sell, with the art market still convalescing after the recession, but Christie's managed to bring in almost \$12m for a Picasso

portrait of his wife Olga and their son. Two other key works, by Renoir and Matisse, were marginally disappointing, but added almost \$7m between them to the repatriation fund.

In contrast, Pamela Harriman's heirs, the Conservative MP Winston Churchill and his estranged wife, can expect to raise much less from the auction of the contents of his mother's homes in Paris, Washington and Middleburg, Virginia. Sotheby's, perhaps caught out by the Jackie O sale, refuses to hazard an estimate on the 1,150 lots but something in excess of \$6m must be anticipated. In addition, it is disposing of the three houses.

DeDe Brooks, Sotheby's chief executive officer, waxes lyrical about the sale. "Everything is in perfect condition. It is one of those auctions that people will want to buy something from." Rather cleverly, Sotheby's has placed low estimates on odd lots by famous people. For example, a landscape by President Dwight Eisenhower, "Sun Valley Idaho", carries an estimate of up to \$3,000. It will certainly sell for 10 times that.

Collectors of Churchill memorabilia should improve

on the \$40,000 top estimate for "Jug with bottles", one of his 1930s paintings, while an oak rocking chair, owned by President John F. Kennedy and given to Harriman, will sell over its \$30,000 top estimate.

There should also be keen, if salacious, bidding for a cheque signed by Churchill in favour of Harriman for five pounds three shillings to settle a card debt. It is believed that Churchill encouraged Pamela to seduce Harriman to discover information when he was a diplomat in London during the war. Losing at cards was a small price to pay for knowledge about American intentions.

Sotheby's won the Harriman collection in competition with Christie's, which could only give the auction its full attention if it was postponed to the autumn. Winston Churchill, involved in an expensive divorce, could not wait for the money. It would have been considerably more if Ambassador Harriman had not donated the most important painting she inherited from her last husband, "White Roses", a Van Gogh valued at more than \$50m, to the National Gallery in Washington.



Harriman sale: Picasso's 'Mère et Enfant' sold at Christie's for nearly \$12m



## BOOKS

# A testament to great storytelling

Craig Raine questions a postmodernist approach to the Bible but finds the Good Book a very good read indeed

Chapter and verse – a phrase, derived from the lay-out of material in the Bible, which has come to mean the minutiae of evidence, the citation of detailed, clinching proof, exactitude, certainty, a sense of truth.

Yet it was not always so. In the 17th century, John Locke was much exercised by chapter and verse – seeing in this arrangement not exactitude, but rather the opportunity for padding, for equivocation. Ease of reading and of reference were as nothing, for Locke, beside the subtle corruption of the Bible's coherence. Sects in search of justification would seize on discrete fragments and appropriate whatever struck them as appropriate. It was a recipe for theological opportunism. "This is the Benefit," wrote Locke with passionate irony, "of loose Sentences and Scriptures crumbled into Verses, which quickly turn into independent Aphorisms."

The learned editors of this annotated edition, Robert Carroll and Stephen Prickett, professors at the University of Glasgow, do not cite Locke's objection. Nor do they tell us anything precise about the division of the Bible in chapters and verses beyond the statement that the divisions were made in "late medieval times". The New English Bible, on the other hand, says "the conventional verse divisions in the Old Testament are based on those in Hebrew manuscripts". Of course, these two statements need not necessarily be incompatible. It would be nice to know.

Mind you, the editors are more than covered by their disclaimer at the outset of the end-notes: "an adequate set of endnotes to the Bible would be as long as the book itself, if not longer." (My italics). There are approximately 100 pages of endnotes as against 1,606 pages of Old Testament, Apocrypha and New Testament. What is offered in the way of annotation is interesting, helpful, imaginative, but necessarily glancing. And obviously inadequate – by the editors' own admission. Their introduction contrives to promise a great deal more and strikes one as an impressive series of bold intellectual gestures. They are interested in the Bible as literature.

By "literature", however they mean literary theory in which the Bible is an exemplary indeterminate resource, a text three-quarters

of which is borrowed from another religion, Judaism. Add to this theological imperialism the hypothesis that both Christianity and Judaism are themselves derivative of earlier religions like Zoroastrianism – and the Biblical critic comes into his own as arbiter, decoder, architect, archaeologist and (here) playful postmodernist in a state of ecstatic contradiction. The editors are more excited by dynamic possibility than by closure.

Intellectually, this is consistent with the introduction's take on historical truth – no such thing exists; there are merely competing interpretations. This is a position of profound intellectual complacency. Were it adopted by historians, it

**THE BIBLE: AUTHORIZED KING JAMES VERSION**  
Introduction and notes by Robert Carroll and Stephen Prickett  
Oxford World's Classics £9.99

would vitiate an entire intellectual discipline. For discipline substitute laxity, for truth substitute argumentative elegance. No one need decide. No one need cite chapter and verse.

The Bible concerns them as "a classic book of English literature". The Good Book is famously a compendium of moral positives, calls to duty and angry supernatural rumblings. But, as the editors hint, it is also possible to read the Good Book as just a good book. Would they actually do so – but, for them, narrative no longer means narrative. It means something like a reading or an interpretation of the text, designed to make it relevant to a particular set of beliefs. The reader imposes a story on the text, a sequence that makes the text meaningful beyond the purely literal. In the 1960s Jan Kott was doing the same thing in *Shakespeare Our Contemporary* – making the text speak to a different historical moment. The editors twice cite Oliver Cromwell's use of Exodus and the occupation of Canaan by the Israelites to justify the Protestant plantation of Ulster. Catholic nationalists, meanwhile, found their sense of oppression in the same book of the Bible – the enslavement of the chosen people in Egypt. An opportunity has been

missed. It is possible to read the Bible as a set of short stories, some of the greatest ever written, where "narrative" means simply narrative. One of my favourite stories is that of Ehud, the "judge" who assassinates Eglon the King of Moab. A "judge" is a chieftain, according to Professor Carroll. The New Scofield Reference Bible is more informative: "twelve men and one woman [are] designated as judges and raised up by God to deliver Israel in times of declension and confusion after Joshua's death." Ehud is far from the standard faceless hero of myth. The Biblical narrator doesn't so much describe the man as open a file on him: "the son of Gera, a Benjamite, a man left-handed." He is sent to Eglon with the Israelite tribute, but he has also a dagger with him. The dagger has "two edges, of a cubit length" – and he did gird it under his raiment upon his right thigh. Writers call this technique solidity of specification. Its purpose is, in the immortal words of Conrad, "to make you hear, to make you feel – it is, before all, to make you see. That – and no more, and it is everything."

King Eglon, Israel's and Ehud's enemy, is "a very fat man", we learn at Judges 3 verse 17. Five verses more interpose before we discover why this information is important. The tribute is delivered. The hearers return home but Ehud turns back at the quarries "that were by Gilgal". In Eglon's summer parlour, Ehud explains that he has a "secret errand". King Eglon sends out his attendants. Ehud says he has a message to the King from God. It is the dagger on his right thigh, its cubit-length now revealed. He thrusts it into the king's belly: "and the haft also went in after the blade: and the fat closed upon the blade, so that he could not draw the dagger out of his belly; and the dirt came out." One is tempted to say that this could be Ruth Rendell or Patricia Highsmith – as a way of making the gruesome point – but the narrative certainly has the unflinching ironic precision worthy of Evelyn Waugh or Nabokov or Flaubert.

The conclusion must be quoted in its terse calmness and black humour: "Then Ehud went forth through the porch, and shut the doors of the parlour upon him, and locked them. When he was gone out, his servants came:

and when they saw that, behold, the doors of the parlour were locked, they said, Surely he covereth his feet in his summer chamber. And they tarried till they were ashamed; and, behold, he opened not the doors of the parlour; therefore they took a key, and opened them: and, behold, their lord was fallen down dead on the earth. And Ehud escaped while they tarried, and passed beyond the quarries, and escaped unto Seirath."

The modern, accurate translation of the much revised New English Bible explains a narrative opacity, arising out of a euphemism, the phrase "Surely he covereth his feet". In the New English Bible this reads "they said, 'He must be relieving himself in the closet of his summer palace'". I prefer the euphemism, murky though it initially is, because it reflects the general reluctance to do more than hover indecisively. Covering one's feet is a phrase full of delicacy and embarrassment. The New English Bible also tells us that the translator responsible for this episode in the King James Version was a writer as well as a translator. The Authorized Version invents a detail absent from the original Hebrew. It is an example of writerly opportunism, the irresistible embellishment which is art's tribute to life: "and the dirt came out."

2 Kings 4 tells the great story of Elisha and the Shunammite, a story whose art is again pointed up by the more accurate version in the New English Bible. I paraphrase. Unforgivably. Passing through Shunem, Elisha is "constrained" to eat bread by "a great woman", who, seeing Elisha is a holy man, persuades her husband to build a little lean-to chamber for the prophet to rest in on his travels. He wonders what he can do in return. The Shunammite replies: "I dwell among my own people, meaning that she is content as she is. Elisha's servant, Gehazi, tells the prophet she is childless and her husband is old. Elisha tells her she will conceive. She says, "Do not lie unto thine handmaidens: it is not a lie."

"And when the child was grown, it fell on a day, that he went out to his father to the reapers. And he said unto his father, My head, my head. And he said to a lad, Carry him to his mother.



In the beginning: 'Adam and Eve' by Lucas Cranach, 1526

And when he had taken him, and brought him to his mother, he sat on her knees till noon, and then died." This is a narrative which proceeds on its way unburied. It can list the bed, the table, the stool and the candlestick in Elisha's little lodging. It has a vernacular carelessness with pronouns. It is hospitable to tautology. "And when he had taken him, and brought him..." And yet it records, with equal lack of hurry, the quiet swiftness of death, the unremarkable and therefore terrifying repetition, "My head, my head." That – and no more, and it is everything. Especially if you are a parent and familiar with those sudden, absolute, everyday eclipses of health in small children. The horror is more telling for the narrative restraint.

We use magic realism as a

term to describe a particular potent mixture of the far-fetched, the poetically allowable, in coincidence with the recognisable world. But the term should also apply to those details which sew irrefutability into the weave of the narrative. The story of Elisha and the Shunammite is a brilliant anthology of such charismatic touches. The wife tells her husband that she must go to Elisha. He is baffled: "It is neither new moon, nor sabbath," occasions when a wish and a prayer would be appropriate. Like us, he expects her to mourn. Her attitude is clear: "It shall be well."

Seeing her from a distance, Elisha sends his servant to ask if everything is well with her husband and child. Her reply is not a lie. It is an act of faith. She says everything is well, until she is able to catch Elisha by the

feet and remind him of her earlier response to his promise of conception: "Did I not say, Do not deceive me?" It is not a reproach, it is a recollection of the bargain made between them.

Elisha sends Gehazi ahead. He is to salute no one nor return any greeting. He must lay the staff of Elisha on the child's face. He does so. "It does not work," Elisha then "put his mouth upon his mouth, and his eyes upon his eyes, and his hands upon his hands; and he stretched himself upon the child; and the flesh of the child waxed warm. Then he returned, and walked in the house to and fro; and went up, and stretched himself upon him; and the child sneezed seven times, and the child opened his eyes." A strenuous mira-

cle, worked at by the prophet – worked on by the mother's refusal to accept death. It shall be well. Elisha is compelled by her firm extension of his promise not to deceive her – an insistence which is half an act of faith, half an assertion of rights. Then there are the seven sneezes – absent from the New English Bible and therefore from the original Hebrew – which are put there by a writer touched in his imagination by the power of indecorous detail to deliver life itself to us. The same writer had the taste and judgment to drop the exclamation "O" from "O my head, my head" and thus capture for all time the glazed lineaments and flat voice of ordinary death. All this art is in the Authorized Version. Read it in this extraordinarily cheap edition.

## On December 8 1995 Jean-Dominique Bauby, 43-year-old editor of the magazine *Elle*, picked up his son from his home in a Paris suburb, test-drove a BMW back on to the autoroute, overtook a car which he saw double, and collapsed into a coma. He awoke three weeks later, paralysed, unable to speak, yet with his mind intact, alert, enraged. The only movement he could make was to blink his left eyelid.

There has been no literature describing what it feels like to have locked-in syndrome, because of the inability to communicate. But by his bizarre chance, Bauby had been writing a modern version of Dumas' thriller *The Count of Monte Cristo*, in which Grandpapa Noirtier spends his life slumped in a

wheelchair, mute possessor of terrible secrets, able to communicate only by blinking his eye: one blink for yes, two for no. With his speech therapist, Sandrine, and Claude, a young publishing assistant, a similar code was worked out for Bauby. The alphabet was reordered according to the frequency of the letters in French, and each day for three hours Claude recited: E, S, A, R, I, N, T, U, while Bauby blinked his eyelid at a chosen letter.

Over a year, letter by letter,

word by word, his blinking eyelid dictated *The Diving Bell and the Butterfly*. It is one of the most extraordinary books I have ever read. The title defines Bauby's polarised condition: the restrictive diving bell is the prison of his body, the butterfly his thoughts, memories, flights of imagination. His dramatic monologue evokes now his hospital room at Berck Plage on the Channel coast, more wheelchair on the beach than Ferraris at Monte Carlo. Now it veers off into a holiday dream, a rhododendron-lined Breton road. Now it wanders in space, set for "Tierra del Fuego or for King Midas's court..."

You read the book at one go, so gripping is this voyage to the inner heart and mind of a man for whom nothing else is left. Then you look up astonished at the monochrome world outside, dull compared with the remembered bliss and instants of grey terror in these pages. This is a great book not simply because of its resilient spirit, its insight into suffering and isolation, or even because it addresses the dark night of the soul that

we all fear or endure. What demands to be heard here is an original voice making this vibrantly, insistently, a tale for our times.

For Bauby brings to his memoir the cast of mind that made him a successful journalist – worldliness and energy, precision of detail and irony, the instinct for a good story, absolute lack of sentimentality. Each of the 28 mini-chapters describing

**THE DIVING BELL AND THE BUTTERFLY**  
by Jean-Dominique Bauby  
Fourth Estate £9.99, 137 pages

bis bath, wheelchair, old girlfriend, bets on a horse, is a model of that French journalistic diction "étonnez-moi". He surprises and jolts us along on his way to disaster, and in painting dazzlingly the remnants of the world we are engaged in, makes us ask the meaning of our own lives.

Take the moment when he first sees his post-coma self. The build up never prepares you – it is about the Empress Eugénie, patron of the Berck hospital, commemorated in a stained glass window. An 1894 newspaper describes her visit, and, ward to ward, "I followed her hat with its yellow ribbons, her silk parasol and the scent of her passage". Then "one afternoon as I confided my woes to her likeness, an unknown face

came between her and me... the head of a man who seemed to have emerged from a vat of formaldehyde. His mouth was twisted, his nose damaged, his hair tousled, his gaze full of fear. One eye was sewn shut, the other goggled like the doomed eye of Cain. For a moment I stared at that dilated pupil before I realised it was mine. Whereupon a strange euphoria came over me. Not only was I... reduced to a jelly-fish existence, but I was also horrible to behold". Then he laughed at this "final buffet from fate", and now stained-glass Eugénie grins at him in amusement.

It is all there – horror, loss, self-mockery, the memory of sensual pleasure, the need for female comfort, the consolation of history and art. Bauby's perspectives are never still. Only when his children visit, his daughter doing cartwheels on the sand while he sits rigid and mute in his wheelchair, does he weep. It is a timeless image – Thomas Mann's elderly repressed Aschenbach and the cartwheeling youth Tadzio in *Death in Venice*, for instance – given new life by Bauby's fallen-angel prose and by the immediacy of his references – the girl chanting pop songs, the boy wearing sneakers whose heels light up every time he takes a step.

Fine writing is the lasting achievement here. "How can I start to recall those long

futile hours, as elusive as drops of mercury from a broken thermometer? How can I describe waking for the last time, heedless, perhaps a little grumpy, beside the like warm body of a tall dark-haired girl? "The climax of the book, Bauby's "last moments as a perfectly functioning earthling", reads like a dizzy stream-of-consciousness voice, randomly recalling from the dead. Yet the chapter is a formal masterpiece, setting the vernal city, the last business lunch, the outraged phone call from a celebrity dissatisfied with her photograph in *Elle*, against death and eternity. "I am transferred, limp and sprawling, into a wheelchair. The BMW's door click softly shut. Someone once told me that you can tell a good car by the quality of that click".

It is today's version of those 16th century vanity paintings which show the skull behind the ermine and jewels; like a vanitas, it is tenderly done. Last month, four days after the book appeared in France, Bauby died. Art holds the mirror up to reality by showing us the extremes – in comedy or tragedy. Bauby's case of locked-in syndrome was rare, but it reflects many aspects of 1990s life – our loneliness, our search for meaning, our dependence on sophisticated technology which answers physical but not emotional needs. "I need to feel strongly, to love and admire, just as desperately as I need to breathe" Bauby writes from his prison of tubes and wires. This is a memoir where the man speaks for the moment, and it is one of the great books of the century.

Jackie Wullschlaeger



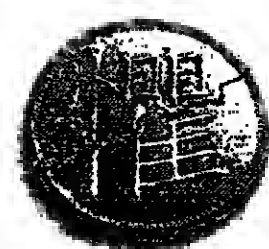
Four years from now, China will launch an attack on Vietnam and oil installations in the South China Sea.

The Far East will erupt. The Western Allies will react. The world will come to the brink of total war.

DON'T THINK IT COULDN'T HAPPEN...

## DRAGON STRIKE

THE MILLENNIUM WAR



An insiders view of the coming world crisis

HUMPHREY HAWKSLEY & SIMON HOLBERTON

Out now in hardback \$18.99



### If you love books

and you want to know which are worth buying...

Send for your free copy of The Good Book Guide Magazine. Bursting with reviews of the best and latest books, it's a joy to read. You can buy any of the titles recommended through a no obligation, world-wide mail order service. And what's more, we'll even give you a £5 token to put towards your first order.

Send for your FREE copy now – plus £5 to spend!

Mr/Ms/Ms/Ms Initials Surname  
Address  
Postcode Country  
The Good Book Guide, 24 Second Street, London EC1V 3BB Great Britain  
Tel: +44 (0)171 490 9900 Fax: +44 (0)171 490 9906  
Email: enquiries@goodbookguide.co.uk

**NEW AUTHORS**  
PUBLISH YOUR WORK  
ALL SUBJECTS CONSIDERED  
Fiction, non-fiction, Biography  
Religious, Poetry, Children's  
AUTHORS WORLD-WIDE WANTED  
WRITE OR SEND YOUR  
MANUSCRIPT TO  
**MINERVA PRESS**  
20 Old England Road,  
London SW17 2SD



## BOOKS

# Triumphs and torments on and off screen

Nigel Andrews on two showbiz stars who have attracted celebrity by default

Last year Dudley Moore and Liza Minnelli re-teamed for an American concert tour. 15 years after their first hit partnership in the movie *Arthur*.

Between these heights came a 16-year elough of despond, private and public, for both parties. As well as divorces, there were addiction problems and miscarriages for her, failed films, an attempted-murder charge and a car crash for him. For completeness, we might as well add the shared career debacle of *Arthur II*.

For both Moore and Minnelli, however, the show goes on and here are the biographies to prove it: two books on two tough showbiz elves who stride towards our hearts through the penumbra of personal anguish. Neither book is exactly Proust. But both glue themselves to the reader's hands and Paskin on Moore comes close to being the Weeping Clown blockbuster of the decade.

What a story. Boy born with club foot in Dagenham steps growing at five foot two. Mother does not lavish enough love on him, so he remembers forever a kind nurse's kiss. He is a successful cabaret pianist even before making *Edinburgh* and West End history with *Beyond The Fringe*. Cometh the 1960s, he goes to Hollywood and is hailed as a sex symbol in *10* and as the man you would most like to meet at an Alcoholics Anonymous meeting in *Arthur*.

Meanwhile, though, he cannot bolt the door on his unstable love life. For one thing it is a revolving door, ushering in wilful blondes with weird names like Tuesday (Weld) and Brogan (Lane). For another, Moore

is still making up for the love he did not get in infancy.

The plot darkens as career disappointments and marital breakdowns drive him into the hinterland of his Marina Del Rey beachfront mansion. Here, when sacrificial goats are not clogging up the canal or a severed hand washing up at his French window (this is Los Angeles), his fourth wife-to-be accuses him of trying to strangle her after she crashes his car into the house. Dudley's police mug shot is splashed across the world's tabloids.

**DUDLEY MOORE**  
by Barbara Paskin  
Sidgwick & Jackson £16.99,  
432 pages

**UNDER THE RAINBOW: THE REAL LIZA MINNELLI**  
By George Mair  
Aurum £16.95, 242 pages

Mercy be. But then being a star in a foreign land has special pressures. I met Moore once at this very mansion, when I conducted a jet-lagged interview full of questions that I now see have plagued the poor man for years. Had he gone Hollywood? Was he rocked by the vagaries of fame? And what had driven him to his involvement with psychotherapy, where he was patiently guided to self-awareness by the wife of comedian Phil Silvers?

For all its moments of borderline black comedy, this 450-page psychodrama is remorseless, eventful and involving. As much as the failed films and marriages, the liaison with comedy partner Peter Cook is at its heartbreaking centre. Cook,

we learn, was drunk during several stage performances, for one of which he had to be dragged from a hotel bed; he wept at airports; and he publicly derided Moore for his height, his handicapped foot and his alleged hunger for fame. Cook becomes the book's dark second hero: a Gloucester to Moore's Lear, going through similar horrors and disenchantments, only worse, quicker and more bitterly.

Moore himself has been saved to date, *dick* Paskin, by music and a sense of humour. Though his authorised portraitist quotes him as telling her "I am waiting to die," the two grand pianos stand back to back in Marina Del Rey like hulwarks against despair. And career crony Liza Minnelli cites the performer's saving ability "to step back and be a third person when he's talking." Moore, she says, "sees himself either whingeing or whining, and suddenly he turns it into a whole comic routine."

George Mair, Minnelli's chronicler, has a less developed sense of humour, though we hope he is joking when he calls Liza and her cabaret-art first husband Peter Allen "the Scott Fitzgerald and Zelda" of their time. And there is little evidence of primary sources in *Under the Rainbow* (Paskin, for the record, has spoken to just about everyone in Hollywood).

Though both protagonists ended up as showbiz troupers, Minnelli's origin was in spectacular contrast to Moore's. Life with famous parents Judy Garland and Vincente Minnelli created a claustrophobic drama of nepotism, mother-child jealousy and spectral echoes in Liza's voice and manner of Judy's



own. But how bizarrely alike are the Dudley and Liza stories in other ways.

For both, early triumphs were followed by tormenting failures - quick in five seconds name me a single film Minnelli has been in since *Cabaret* excluding the aforementioned *Arthurs*. Both have shored up their reputa-

tions with concert appearances and TV specials. And both play hide-and-seek with the media, usually when caught in wildfire romantic infatigations.

Minnelli's five-week affair with Peter Sellers must hold the record for an unlikely match, struck against the tinderbox of world astonish-

ment. It beats even Moore's partiality for alternating between towering blondes and volatile child-brides.

But then if stars do not keep us surprised off screen as well as on, what are they for? Once upon a time the movie Minnelli dazzled us with her pixie face, tremolo personality and voice that

could outbray an entire brass section. When ensuing scripts failed to provide the opportunity to do it again - any more than Moore's in-tray allowed him to reprise effectively his humble-bee charms of *10* and *Arthur* - offscreen tragicomedies, willed or not, became a sort of substitute.

It is celebrity by default: the private life as a public spectacle. The press will always be there to catch you and snap you when you fall. And a biographer will always be there to sign up a film star's full nine lives, even if only the first ones were lived significantly on screen.

Rereading / Karl Miller

## Quiet, interesting and humane

We've all heard of Prussian officers, one way or another. But Prussian novelists? And Prussian adulterers? The 19th-century writer Theodor Fontane deserves to be better known in this country, where two of his novels have appeared, in excellent translations, as Penguin Classics. Each is about illicit love.

Nationality is never simple. Fontane was of French parentage and grew up in North Germany, where he acquired an attachment to the old Prussia, with its Junker aristocracy. He served as a correspondent during the Franco-Prussian war, and he worked as a journalist for a paper of the reactionary right, as a press censor, and eventually as secretary of the Prussian Royal Academy of Arts. He

is said to have been known for his opinions, and for the discrepancies between them. At the late age of 56, in 1875, he began to write novels.

*The Woman Taken in Adultery* came out in 1882. If his fiction can be credited with an autumnal air, this book also has the gaiety of the old, which can seem youthful. In both books, a girl is mated with an older husband. In this one, Melanie van der Straeten's "supremacy depended on self-control". Her secret desire is to be free. She takes part in her wealthy husband's badinage, which carries an anxious erotic

charge, but wants it to stop. His fun conceals pain and a touch of aggression. At one point he affects to feel sorry for his younger child: "neglected because she looks like me". On the next page but one, neglect returns to his thoughts during a brilliant scene of his about a capsize domestic aquarium: "all the monsters of the deep were wriggling all around us, and a large pike was investigating Melanie's instep to the deliberate neglect of Aunt Riechen's". The house harbours a huge doll's house complete with mangle and wash-tub: three years before the publication

of the novel Ibsen's *A Doll's House* had been staged, in which Melanie's constraints are prefigured. She falls in love with a young banker, Ebenezer Rubehn, regretting, at first, his lack of "a Christian, Germanic sort of name". They run off. She utters a romantic truth: "One can be true by being untrue." Her husband behaves generously, moving; but to run off is to go into free fall, to lose your name. Fontane lost his opinions, it has been suggested, when he took to writing novels. Or you might say that his opinions found an

equilibrium, which belonged to the country of the resolved or transcended contradiction, homeland of the philosopher Hegel. Rubehn says of Melanie's judgmental older child: "She may be right. But so am I." Elsewhere in Fontane a sympathetic man says: "And if I had said the opposite, it would be equally right." It's hard to say whether he leans more to the verdict passed on Melanie by her austere society or to the imperative imposed on her by a devotion to her romantic truth. But there can be no doubting his sympathy with her. We have been

programmed to feel for such fugitives from the doll's house, to make much of their portraiture in 19th-century fiction, and to forget that the creators of Emma Bovary and Anna Karenina had stones to throw at their fallen women. Fontane is very much aware of the fault committed by his fallen women, while writing very tenderly about them. He was an Anglophile visitor to England who liked Scotland too and wrote a book about it called *Beyond the Tweed*. Rubehn plays on the piano a song with the words "My coat will guard you from the storm". This

looks like a translation of Burns's "My plaidie to the angry air". "Cheer up," Rubehn then says to Melanie, in English. He didn't want, said Fontane, to write about sensational things like the activities of England's Jack the Ripper, but about insignificant things, making them interesting. Both of these novels tend towards a rural quietness reminiscent of Jane Austen's; practically none of her things is insignificant. *Effi Briest* is the bleaker of the two. Effi dies in the course of the ostracism that follows her fault. Her lover, all the more

of a presence for being intimate rather than characterised, is slain in a duel by her husband, who reverses a tendency in the earlier novel by becoming less agreeable under pressure. In this one, winter has come. It is a beautiful book, profoundly humane.

Fiction/Iain Finlayson

## Young love and cynical sex

*The Hottest State* is a little out of the run of celebrity novels: Ethan Hawke takes the trouble to write with some insight and style. This is not only a celebrity novel, it is a young man's novel, inevitably autobiographical in spirit as much as in resemblance fact.

The author is a twenty-something actor who appeared with Robin Williams in *Dead Poets Society* and starred in the virtual two-hander, *Before Sunrise*, directed by Richard Linklater. Hawke's theme is first love, and generally he makes a good-enough fist of it.

His hero is a young, gauche (though self-confident) 21-year-old actor working out of New York.

His central plot largely revolves around a trip to Paris with his girlfriend, a jolt-laide twentysomething singer called Sarah, to make a film closely resembling *Before Sunrise*. William and Sarah meet, they fall in love - William to the point of infatuation - they split, meet again, finally split again when some sort of reality strikes.

Hawke is revealing and, in a gawky manner, sincere about the heart-aching devastation of obsessive first love. There's a lot of door-bell-ringing, singing in the street, awkward exchanges of confidences, and sweet puppy-sex. The dialogue sounds accurate in its breathlessness, its throwaway insolence concealing adolescent anxiety; the

development of character, though a little perfunctory, results in some self-awareness and the acquisition of experience. Through the fabric of the novel seeps a painful honesty and a realisation that this first love is as good as it gets. Ethan Hawke is something more than a celebrity author - he turns out to be a writer.

**THE HOTTEST STATE**  
by Ethan Hawke  
Flamingo £9.99, 196 pages

**SAFE SEX**  
by William Edgar Boggan  
Fourth Estate £9.99, 335 pages

esty and a realisation that this first love is as good as it gets. Ethan Hawke is something more than a celebrity author - he turns out to be a writer.

If *The Hottest State* is a mildly melancholy novel based on a romantic theme of young love, *Safe Sex* by William Edgar Boggan is, contrarily, a fast-paced, relentless, ideological novel of cyberspace with a gratuitous peppering of high-grade graphic sex. There is a thread of romances between the 20-year-old hero, Wiley James, and the young HIV heroine Alix who collaborates, in bed and out, to take out their employer Matt Brackett, a foul ultra-right wing fascist

who charges extortionately for access to his comprehensive Aids database. He employs them to work on "Survivor", a giveaway Aids magazine that is a front for his crudely ultra-rightist, racist, anti-gay, anti-libertarian views expounded on his talk radio station.

Wiley, who has run away from home to Atlanta to write *The Great American Novel* (*Safe Sex* is not it) is strangely attractive to women - at one point, he is running four of them and, of course, sex is the lever he and Alix use to engineer the downfall of Matt Brackett, who is a closet sexual phillanderer. Hoist with his own petard of Aids, Matt is foiled in his mission to propagate his message of hate to America.

*Safe Sex* bids for the computer nerd market that needs to feel good and sexy about computer hacking. The novel has a certain wild energy, but it is primarily a vehicle for cybersex that will thrill the graphically-minded who press buttons and expect pop-up icons to give them their thrills. It may be no coincidence that the initial letters of the author's name spell out WEB - he probably has his own cyberspace site, where this novel properly belongs.

What will the future be like? Freeman Dyson is a professor at the Institute for Advanced Studies at America's Princeton University, and he reckons that the future will be miraculous. But also, from time to time, exceedingly dangerous.

*Imagined Worlds* grew from lectures Dyson gave in Jerusalem in 1985, and deserves to be read for its elegance and sagacity. Dyson says that science is his territory, but science fiction is the land-scape of his dreams. He is reverential about H.G. Wells, maintaining that although Wells usually failed when attempting to predict the future, he succeeded when imagining future worlds, because he used his skills as a novelist to enlarge our vision and remind us of our responsibilities. Fashionable scientific topics such as complexity and string theory, and fashionable environmental problems such as global warming and over-population, are passed by in silence in *Imagined Worlds* - because Dyson says he has nothing fresh to say about them.

"In discussions of human affairs, I turn for guidance not to sociology but to case studies and science fiction. For me, Wells's *The Time Machine* provides more insight into past and future worlds than any statistical analysis, because insight requires imagination." Typical of the book's attractions is the chapter on possible human development over timescales of 10 years, 100 years, 1,000 years, 10,000 years - and beyond. "Only after we have specified the timescale can we speak of future possibilities with some degree of clarity," says Dyson.

A decade, he reckons, marks the outer limit of political predictability. In 10 years governments change, leaders rise and fall, empires collapse, wars and revolutions turn the world upside down. But economics and technology are more predictable. The main cause

## A real brave new world

of economic tensions today, Dyson argues, is the unequal distribution of wealth and skills between rich and poor countries, and between rich and poor groups of people within countries. He sees scant scope for reversing the trend towards greater inequality within a mere decade. A decade is a typical timescale for a scientific revolution, and over the next 10 years humanity will start to see the fruits of the revolution in digital astronomy (giving us survey maps of

**IMAGINED WORLDS**  
by Freeman Dyson  
Harvard University Press £22,  
216 pages

the observable universe) and of the human genome project (precise digital mapping of genes and chromosomes). In 100 years, all of us, as individuals, will be dead. But because our species has evolved to survive on a timescale of hundreds of years, we have loyalties to family, tribe and institution that transcend our individual lives.

A hundred years marks the outer limit of technical predictability, says the professor, who thinks that over the next half-century the dominant technologies will be the present ones of petroleum, computers and biochemistry, together with the two newcomers: genetic engineering and artificial intelligence. In 100 years' time, he says, those two newcomers will be mature and ready to be superseded by something else, perhaps by radio-telepathy.

Over the next century, ecological problems - primarily human over-population and ecosystem destruction - will intensify, and come to dominate political affairs. But new technologies may help with some problems, such as racial and religious animosities. "Space colonisation," says Dyson, "may make it possible in the long run to alleviate the conflicts between discordant human ambitions on a shrinking planet... I have no doubt that cheap space travel will sooner or later be developed."

On a timescale of 1,000 years, neither politics nor technology is predictable. China and Japan being the only major political units that have lasted that long. But the diversity of languages, cultures and religions is likely still to exist. And humanity is likely to undergo accelerated speciation - division of one species into many - as we expand our living space away from the earth. Our descendant species will become many, filling in all likelihood a variety of ecological niches in different physical environments. The reason human speciation will be accelerated, the professor says, is that whereas speciation in nature occurs over 100,000 years or more, ours, pushed by genetic engineering, may be witnessed within a millennium or less.

Dyson finishes with a cautionary yet not unhelpful chapter on ethics and social justice. "If technology continues along its present course," he concludes, "ignoring the needs of the poor and showering benefits upon the rich, the poor will sooner or later rebel against the tyranny of technology and turn to irrational and violent remedies - impoverishing rich and poor together, as such rebellions always have. The trick will be to head things off at the pass. The future will not, ultimately, belong to scientists, but to moral philosophers."

Michael Thompson-Noel

### FT BOOKSHOP

To order any books reviewed on these pages from anywhere in the world please call +44 181 324 5511 or fax your credit card details to: +44 181 324 5578. Cheques (UK and Eurocheques only please) can be sent to: FT Bookshop, BVCO, 250 Western Avenue, London W3 6XZ. E-mail: [ftb@btinternet.com](mailto:ftb@btinternet.com)

Airmail Postage Rates:	Europe	Rest of World
Hardback	£1.50	£2.50
Paperback	£1.50	£3.95



## ARTS

# Faces from the grave

William Packer reviews the extraordinary Egyptian mummy portraits at the British Museum

**R**easonably regular visitors to Prints and Drawings at the British Museum will be more familiar with these extraordinary works of art than perhaps they realise. For a few of these portraits, painted on wood or scraps of linen in late Ptolemaic times and through the long Roman occupation of Egypt that followed, have usually been on show in the short corridor leading immediately to it. Hurrying through, they may well have been brought up short, if only for a moment, transfixed across some 20 centuries, by so evident a human likeness and sense of shared humanity.

Any such momentary frisson of recognition, however, can hardly have prepared us for the full experience. Set, as they are here, into their immediate and proper historical context, and their peculiar place in the history of art adjoined, they are more extraordinary, more truly shocking still.

These mummy portraits, for that is what they are, have been known of as curiosities since the early-16th century, but their full quality and significance only recognised with the development of a more thorough and scientific archaeology in the 19th. In the 1880s several cemeteries were discovered in the Fayum, the district around Lake Moeris, a little to the south-west of Cairo. Their portrait trophies were largely dispersed among collections in Europe and the US.

Sir Flinders Petrie was rather more methodical in his excavation of an important Roman cemetery at Harara, again in the Fayum, in 1887-8, and the bulk of Fayum material in British collections was acquired through him. So rich and particular were the finds in the area that it was long supposed the portraits were peculiar to the Fayum, though with other important centres discovered at Saqqara and Thebes, the practice is now known to

have been rather more widespread.

The idea of the external representation of the human face and figure on the mummy was of course nothing new to Egypt. What makes these later mummies so special is that while they mark the continuation of historic Egyptian burial practices into Roman times, they also bring to them a measure of the humanistic sensibilities of the late Classical world - for large Greek colonies had been established in Egypt ever since its conquest by Alexander in 332 BC. In their departure from a purely Egyptian graphic stylisation for a Hellenistic naturalism, these portraits remain to us as the sole surviving examples of actual Graeco-Roman painting. In their final period after about 300 AD, especially in the faces from Deir el-Bahri, near Thebes, where there was a Coptic monastery, and from Antinopolis, a formal character creeps back in at the expense of the natural, that clearly foreshadows the Byzantine icon tradition.

**A**s to technique, they are painted either in encaustic or tempera, which is to say with the pigment bound either in a wax or an egg-based medium. Once set hard, both are equally stable and long-lived, as the difficulty in getting dried egg off a plate would tell us. So they have proved, and the pristine freshness to which these images have been restored after centuries in the sand is not the least remarkable of their qualities.

The encaustic paintings, all on wood, have the more physical substance on the surface and are the more robust and direct in the handling, which reflects the natural character of the medium. So it is too with those in tempera, being flatter, drier and more particular in the drawing and modelling. The shape of the support, whether wood or



One of the only surviving examples of Graeco-Roman painting: portrait of a woman in encaustic on lime wood, AD 55-70

linen, is invariably asymmetric, to allow for its incorporation into the final, often wonderfully elaborate binding of the body. The portrait masks of modelled and painted plaster are sometimes even more disconcertingly naturalistic.

There are still mysteries to resolve about these strange, beautiful, rather eerie things. Even their quality as actual portraits from the life is in question, for obvious practical reasons. Certainly

throughout the best, the strongest period, from about 50 BC to 150 AD, their distinctiveness is such that there seems no doubt they are indeed particular and personal portraits. And indeed recent research has been able to match the facial character of the image to the particular skull inside the shroud.

But when, then, would the portrait have been taken - during the fatal illness; just after death; from memory?

So youthful are so many of these images, their subjects would seem either to have died before their time or made very early provision. Yet, with plenty of time, would not the portraits then have been more fully worked?

As they are, they show every sign of having been done at a fair speed, conforming to a set pattern as though the artist knew very well what he was about in getting a satisfactory like-

ness to order, under just a little bit of pressure, with his tricks of the soulful eyes and half-wistful smile. Would he have been there, one of the embalmer's team, on that first day of preparation, with just a morning to do the job? Perhaps.

**Antient Faces - Mummy Portraits from Roman Egypt: British Museum, Great Russell Street WC1, until July 20; preceded with the Fondazione Memmo.**

Theatre/Sarah Hemming

## A talent to disturb

**A** body of plays by young writers is holding up that will shed disturbing light on the late-20th century for drama students in years to come. First there was *Blasted*, then *Ashes and Sand*, then *Shopping and Fucking*, each of them thrusting hapless characters into a violent nightmare, now, at the hands of Soho Theatre Company, comes Alex Jones's very good and terribly distressing *Noise*.

This is one of the most upsetting plays I have ever seen. It builds to a violent climax which, when it comes, has the audience writhing in their seats. Leaving the theatre afterwards, it took a long time to walk off the shock. It is distressing on many counts, and, as with all plays that use violence, worrying. There are a couple of moves in it that are so sickening that they provoke objections. But when the shock has burned off, the main feeling is sadness - and that, I suspect, is the point. Alex Jones, like so many of our young playwrights, is concerned with dramatising the hopelessness of the have-nots in today's Britain, and he does so with a force that is like being socked on the jaw.

Jones brings us two sets of people trapped in a prospect-less world - a couple who try to improve their lot and a man who reacts by giving two fingers to everything - and shows how the first is destroyed by the second. The main characters are Dan and Becky, two teenagers from the Black Country, newly-wed and expecting a baby. We meet them as they move into a Housing Association flat. In Gideon Davey's design this is a grim, windowless room that looks like a cell in hell, but Dan and Becky are delighted with their new home.

From the moment you see them, however, you are nervous, waiting for something to go wrong. First you think it will be the arrival of the baby. Dan, though genuine and hard working, is obviously not fully prepared for the role of father. But Jones has a different sort of hell in mind for the newly-weds. As they settle down with their first cup of tea, their neighbour

sets up playing techno music at ear-splitting level. Soon Dan and Becky are waned and worn out, kept up all night by the terrible noise. This is bad enough, but when the offending neighbour, Matt, pays a visit, fear takes the place of desperation. It is soon clear that Matt is an individual with a serious loose connection. Curled by boredom, poverty and self-loathing, he is a violent and unpredictable man, who seems intent on destroying the young couple.

**T**he play is very well written, exceptionally well directed (by Mark Brickman) and superbly performed. You care about Dan (Graham Bryan) and Becky (Samantha Redmond) and you feel as if you are in the room with them. Redmond, in particular, in her perilously short maternity wear, is most touching. Andrew Tiernan, meanwhile, as the neighbour from hell is like a caged lion and his sheer presence in the room is nerve-wracking. When he finally explodes, you feel as if you are cornered yourself, and his assault on the couple is terrifying.

No one could accuse Jones of glamorising violence. But there are always worries about violence on stage and the concern here is that it involves a pregnant woman. The sight of the huge and violent Matt kicking Becky and threatening her with a Stanley knife is unbearable. There is the sneaky fear that Jones has perhaps chosen this image because it is so horrifying and will make his point. The other reservation is that by strapping the play to such violence, he overstates his already strong case.

But, then again, we live in a world where a girl can be bludgeoned to death while painting her patio doors and children gunned down in their school hall. Perhaps Jones's terrible picture of an alienated screwball destroying a life-to-be is the only logical response to such a violent world. He certainly writes with fury, passion and compassion about those whose voices are seldom heard.

**Continues at 21 Dean Street, London W1 to April 26 (0171 420 0022).**

## Off the Wall/Antony Thorncroft

### Musical chairs

headed by Vivien Duffield, is on target, having raised £54m to date. The work force has been cut from 830 to 540 with few problems and the extra costs, from paying rent for theatres and playing to a smaller box office, will be covered by £20m from the lottery.

Among the six new opera productions on offer are *The Merry Widow* and *Il barbiere di Siviglia* at the Shaftesbury and Handel's *Giulio Cesare* at the Barbican, while Plácido Domingo will sing *Parsifal* for the first time in a concert performance at the Festival Hall (top seat price £90). All in all the ROH enters its period of great uncertainty in better shape than many predicted.

The D'Oyly Carte has just received a life saving £250,000 from the Arts Council which will enable it to tour Lehar's *Count of Luxembourg* and the G&S *Iolanthe* this autumn, with premieres at the Wolverhampton Grand. It

now needs to find a permanent home. Wolverhampton is obviously a possibility; so is Newcastle; or any other city prepared to put up at least £250,000 a year to house the company.

The builders move in on Monday to London's Barbican Theatre to give it a £1.9m refurbishment that will fit it for opera and dance by the autumn, not least that supplied by the itinerant Royal Opera and the Royal Ballet.

The Barbican's former company, the RSC, has also embraced the travelling life. Artistic director, Adrian Noble, has decided to vacate the Barbican during the summer, and is energetically promoting his company as the "Theatre for the Nation".

He is taking three productions on the road this year - with *Henry V* starring Martin Sheen visiting the theatre's regional theatres, *Cyrano de Bergerac* with Anthony Sher serving the medium sized venues, and *Romeo and Juliet* the community and sports halls. Noble reckons that 75 per cent of the UK population will have a RSC production within a 45 minute drive of their homes.

The touring is funded by the Arts Council but it is the continued freeze of the council's grant that confronts Noble with an anticipated £900,000 deficit by the end of 1997. On top of the static grant the opening productions at Stratford this year have been performing below target, notably *Cymbeline*. Noble remains committed to presenting every work in the Shakespeare canon, despite public indifference.

London is not giving up its position as one of the two players - along with New

York - in the market for Impressionist and modern art without a struggle. Last December the picture was bleak. Sotheby's big winter sale brought in just £13.5m, well below the £18m anticipated and a pittance compared to November in New York, which had managed \$61.35m.

It was little better for Christie's, with London producing £12.6m as against \$82.5m from New York. Blaming VAT and EU bureaucracy, the re-emergence of Paris as an art centre, and the overall dominance of American wealth, the critics were prepared to write off London.

The Impressionist teams in London, led by Melanie Clare at Sotheby's and Jussi Pytkäinen at Christie's, were under the greatest pressure to pull in big pictures for the 1997 summer sales in June. Most important collections come through personal contact, although, in these competitive days, the marketing packages and the guaranteed prices conjured up by the rival auction houses also sway sellers.

It seems as if they have risen to the crisis. On June 24 Sotheby's is offering the most expensive "modern" picture to be offered in Europe since 1960 - "Harvest in Provence", a watercolour by Van Gogh which is considered his greatest work on paper still in private hands. It is being sold by the family trust of its last buyer, Mrs J.B.A. Kessler, and should bring in £5m.

To set it off Sotheby's has just secured 21 Famine and German Expressionist paintings and sculptures from the collection of the Canadian property magnate Charles Tabachnik, which are valued at £5m-£10m. Bought cheaply in the 1960s and '70s, they are now highly sought after and two paintings, by Kirchner and Van Dongen, both carry estimates in excess of £1m.

## Television/Martin Mulligan

### Blood and bust-ups

Chicago figures intermittently as a character, the viewer always dimly aware of the wider urban landscape beyond the swinging doors of the ambulance bay. This week for instance the Bamid-een Jeannie (Gloria Reuben) and her beau embrace in the floodlights of Water Tower Place, that emblematic downtown landmark.

**Y**et within modest parameters *ER* at least tries to present a muddled moral universe rather than a sanitised one. The Aids theme, for instance, in the unfolding story of Jeannie and again this week in the experience of the 17-year-old with cystic fibrosis who wants his family to allow him to die.

Unresolved sexual tension seems to be reaching epidemic proportions. Dr Mark Greene (played with a hint of vulnerability by Anthony Edwards) is an unlikely Don Juan seeking advice from man-of-the-world Ross (played as a darkly handsome roué by George Clooney). Greene's encounter with his former patient Penny restored the force of that word "stripping" recently hijacked by Channel 5 for its fixed schedule policy.

*The Surgery* and *Children's Hospital* tug harder at the heart strings, not least because the medical dramas being enacted in these fly-on-the-wall documentaries are real. *The Surgery* was the first in a three-part documentary focusing on GPs in a Manchester inner city practice. *Children's Hospital* fixed its attention on young

patients and staff at Liverpool's Alder Hey hospital, including twin toddler sisters undergoing hole-in-the-heart operations and a premature baby with dire breathing problems.

While the viewer has to admire the dedication and skill of the hard-pressed warriors of the NHS front-line, questions scratch at the base of the brain: should authentic medical cases be served up as entertainment? Would you want the cameras intruding on your ordeal or private grief? It seems at times a kind of pornography. Another question left unanswered by *Children's Hospital* is: what on earth are three-year-old children doing wearing gold ear studs?

*Silent Witness*, a forensic crime thriller, is only the

next logical stage in this entertainment trend. Convergence of television's detective and medical genres is driven by the same commercial logic that puts a tandoori pizza on a supermarket shelf - ie. if it works, blend it in due course with another hot product. Here the important difference is that they cut up corpses on slabs, dead bodies as distinct from live, squirming ones.

The second episode of this drama showed us sensitive but tough-minded pathologist Dr Sam Ryan (Amanda Burton) on the trail of your goatee. As if to respect the rules of little tragedy, the gruesome murder of grandma took place off-camera. *Silent Witness* caricatures the social ills of contemporary Britain in much the same way that *ER* caricatures contemporary Chicago, beefing them up this time rather than toning them down for its audience. Its moral universe was clear-cut ("I blame the parents").

Still tired of the UK election run-up? Now sick and tired of medical drama into the bargain? There's always the radio.

**I**t's all change among the British opera companies, big and small. While the Royal Opera, along with the Royal Ballet, announces its programme during the two-and-a-quarter year closure for the rebuilding of Covent Garden, the D'Oyly Carte Company, guardians of the Gilbert & Sullivan tradition, has secured its future, at least for a year, with a new home provided by Wolverhampton Council.

Perhaps the most surprising aspect of Covent Garden's peregrinations is how hasty the two companies will be. The Royal Opera will appear 127 times, at the Barbican Theatre and the Hall, the Shaftesbury, the Albert Hall, and the Festival Hall in the first year, while the Royal Ballet will dance on 98 occasions at Labbatt's Apollo in Hammersmith and the Festival Hall. This is only 20 less performances than in the closing season at Covent Garden.

Bernard Haitink has agreed to stay on as music director until 2002 and will conduct the opening performance in the refurbished house in December 1998. Verdi's *Falstaff*. The £100m appeal.

**THE CHELSEA ART FAIR**

Chelsea Old Town Hall  
Kings Road, S.W.3

17 - 20 April

55 leading Galleries offer Art of all Ages & Schools £50 - £200

Thurs 11 - 5, Sat 11 - 5, Sun 11 - 5  
Adm: 25 inc catalogue & free entry  
Enq: 0171 351 1980

**OFFER WATERMAN & CO FINE ART**

**MODERN BRITISH PAINTINGS**

April 28 - 30th

View paintings on  
www.offertwaterman.com

20 Park Walk, London SW10 6AG  
Tel: 0171 341 8908 Fax: 0171 351 2248  
Full featured catalogue £10 inc p.p.

**JOHN DAVIES GALLERY** Show-on-the-Wall, Con GLEA 188 9445/9445/9445  
SOLO EXHIBITION Watercolours of Fruit, Flower and Renaissance Subjects April 12th - May 3rd Colour Spectrum Tel: 01453 516568 Fax: 01453 523477

**LAST CHANCE...** Stock clearance of painting and sculpture. Today only. John Martin of London, 28 Albemarle Street, London W1X 3PA Tel: 499 1314 (9am - 5pm) Green Park Tube

22, 27 & 30 April 7.30pm Royal Festival Hall

**KURT SANDERLING**  
conducts the  
**Philharmonia Orchestra**

**Tues 22 - MICHAEL SANDERLING cello**  
Mussorgsky Prelude, Khovanshchina  
Shostakovich Cello Concerto No.2  
Tchaikovsky Symphony No.4

**Sun 27 - MITSUKO UCHIDA piano**  
Beethoven Piano Concerto No.1  
Bruckner Symphony No.3

**Wed 30 - ANTJE WEITHAAS violin**  
Mendelssohn Violin Concerto in E minor  
Shostakovich Symphony No.8

Principal Sponsor  
Box Office 0171 560 4242



## ARTS

## Retreat from the musical fast lane

Andrew Clark talks to Hakan Hagegard about his music centre in Sweden

Imagine a building halfway between a Viking barn and the Sydney Opera House. Set it amid frozen lakes, snowy pine forests and herds of deer. Link it to the outside world with fibre-optic cables. Then you have something resembling the Hagegard Music Centre in western Sweden.

The centre is Hakan Hagegard's response to the problems and demands of high-speed life in the music industry. It has 23 private rooms and facilities for recreation, study, rehearsal and recording. Hagegard built it because he believes performers need occasional respite – a place where they can meditate and renew themselves.

Hagegard, 52, is one of Sweden's best-known singers. He made his name more than 20 years ago as Papageno in Ingmar Bergman's film *The Magic Flute*. He also thinks deeply about the problems of his profession – early burn-out, commercialism, declining audiences – and wants to spend the last part of his career feeding back some of the lessons he has learned. He says young artists today seek

success too quickly. Travel, loneliness, empty rehearsal rooms – all take their toll on a musician's private life and creative reserves.

Although the idea for a music centre had been germinating in his mind for some time, an encounter with American psychiatrist Peter Ostwald in the mid-1980s helped to clarify its purpose. Ostwald was the moving spirit behind a US medical support programme for performing artists. "He said it was necessary for the brain to slow down in order to think new thoughts – otherwise we tend to circulate the same thoughts, arranged in a different order. I told him this was exactly what I felt about singing. We learn 20 songs in school and spend the next 20 years singing those same songs. We travel too fast, we don't give ourselves time to invest in the future."

But how was this related to the idea of a music centre? Surely most artists have their own way of recharging their batteries? "Some do, but I could quote many examples of burn-out. How you cope with the pressure depends on personality. Some have their own way of dealing with it. Martti Taitela had a sheep farm, others have their own inner retreat. My music centre is just one small contribution. Most artists live in the city. Here we have clean water, clean air, plenty of space, Nordic light, natural materials. It seems to meet a need."

Hagegard raised most of the \$4m building costs by exploiting contacts in Swedish business in the late 1980s. The centre opened in 1992, has a permanent staff of five and is non-profit-making. Some performers pay their own way, others are sponsored. Some of his backers wanted a perfor-

mance space, as a built-in source of income, but Hagegard decided against it. "The centre is a hideaway, where you can lock the door. The key for me was mental training, the need for artists to feel safe. Ostwald used to talk about guilt artists feel guilty about not having done enough work on a piece, not enough research, not treating themselves in a way that they can perform at their peak. Guilt creates fear, which is unhealthy. Many performers are scared to talk about these things because they're afraid they won't be hired."

Most visitors follow a similar pattern of behaviour. A string quartet, for example, will initially appear restless because they do not have their music to hand. On their second day they will start looking through the windows, a sign that they are beginning to unwind. By the

third day they are ready to play again. "They pick up the music they're motivated for – not because they have to. 'Have to' is a problem for us as performers: it becomes a luxury to sit and let the inspiration come. 'Input' should be central to what we do – the artist drawing on his surroundings to stimulate creativity."

Hagegard's input currently takes the form of a world tour, ranging from Lisbon to Melbourne, San Francisco to Santiago. He views the contact with artists of other cultures, other forms of music, as a creative stimulus. Each stop on the tour is comfortably spaced.

Surely, then, the solution is better time-management? Wouldn't artists be better off accepting fewer engagements? "It's hard to tell them that. It's

also a difficult concept for managers and agents. What we must do is talk more about it, bring it into the open. Of course, sometimes you have to take on an engagement. Everyone has to earn a living."

Which brings us to the relationship between creativity and money. Hagegard poses the question: to enhance creativity, do you triple the artist's fee or halve it? "You can argue both ways. At some festivals, you sing for no fee, just for board and lodging, and a lot of creative things happen. This intrigues me: creativity is freed when there is no pressure of money. Maybe there are other ways of running the business. In Norway, they have artists' salaries, paid by sponsors. The artist doesn't have to perform for the sponsor, but he has a steady income, he can work. Just like Haydn."

But does Hagegard believe composers of Haydn's stature exist today? "I think it's a matter of getting pieces performed, of education, of status. Why did Benjamin Britten produce so much? Did Aldeburgh play a role? Or maybe he had the tools for getting his pieces performed. The links between composers and performers are not good enough – I would welcome a lot more sitting together. In Scandinavia I see creative people going down into the basement again to do new things. They've given up on the big theatres."

The gentle tones of Hagegard's speaking voice belie the strength of his conviction. At his masterclasses he demonstrates an eagerness to share his philosophy of life and art with a younger generation with humour and style. The emerging talents of today will disregard his words at their peril.

Hakan Hagegard gives a recital at New York's Alice Tully Hall tonight. Other stops on his world tour include Hong Kong (April 25-26), Sydney (May 7-10), Taipei (May 24) and Prague (June 2).

## A labour of love for his people

Richard McClure talks to the Brazilian photographer Sebastião Salgado about his work

When a photographer as widely acclaimed as Sebastião Salgado exhibits his new work in such cultural backwaters as Colchester and Rotterdam, it would seem to imply a loss of standing. This, after all, is a man more used to gracing the walls of the Royal Festival Hall or Madrid's Biblioteca Nacional.

But the choice of provincial universities and small-town art galleries as venues for his current show does not represent a reversal of fortune for the Brazilian photographer. Instead it is his latest strategy to pro-

seasonal workers toiling in a feudal system where absentee landlords use jagunços, hired guns, to protect their vast but largely unproductive estates.

"The aim of the project is to put pressure on the Brazilian government to provide land for the peasants," explains Salgado while packing for his next assignment at his Paris office. "Given land, the peasants can work, produce and become consumers. Their sons and daughters will have no need to become bandits and prostitutes. This is not a socialist revolution but a fight for dignity." "Dignity" is a word which recurs often in Salgado's conversation. It is also a theme which presides over all his pictures. Defiantly emotive, they elevate the peasants' daily struggles and rituals to heroic heights: pilgrims carry stones up mountains as offerings to God in exchange for rain; a child is buried with her eyes open so she may find the path to heaven. Drenched in lavish chiaroscuro and Catholic mysticism, these epic narratives may be too grandiose for some tastes, but, at their best, they are deeply affecting testimonials to human perseverance and the sanctity of life.

If the peasants' plight is sadly familiar, it is the extent of Salgado's personal involvement which makes his work unusual. In a field where we expect to find detached reportage, Salgado is a champion for the cause, his images impassioned calls for social justice. Like the BBC's Martin Bell, Salgado preaches a "journalism of attachment", maintaining that the media must have a moral dimension and discard its self-imposed neutrality. Salgado takes this stance further: in *Terra*, the photographer is not merely a compassionate observer but political dissident.

"Only a landscape photographer can remain impartial," insists Salgado. "As a social photographer I must take pictures with my ideology, my position, my way of



"Only a landscape photographer can remain impartial": one of Salgado's emotive portraits of Brazil's rural poor

thinking. I cannot keep a distance because I have lived with these people. I know their story and I cannot be outside of this. My pictures are not products, they are part of people's suffering. Nor are they propaganda because I don't set up my photographs. I show only what is happening."

Salgado can call upon a firm grasp of geopolitics to support his stance. With a doctorate in economics, he initially worked in Africa for the International Coffee Organisation and his pictures are captioned with detailed statistical analysis. Although drawn to the camera in the late-1960s when the Civil Rights movement gave rise to "the concerned

photographer", Salgado places himself in a broader tradition of socially conscious photographers, citing the Depression-era work of Dorothea Lange and that of Margaret Bourke-White, whose records of Butcher-wald atrocities were used as evidence at the Nuremberg trials.

In truth, neither comes close to matching Salgado's devotion to "knowing the people, becoming close to the subject". Yet, at times, this intimate, ethical response restricts his scope for expression. Even a wedding feast is depicted as a desolate affair, as though Salgado fears any show of vibrancy will dilute his message.

Nor is he above relatively crude tactics to put his point across. His portraits of sad-eyed children at a peasant encampment are overtly didactic even without Chico Buarque's heartfelt poetry which is displayed beside them. Here, one feels, Salgado strays from the persuasive to the manipulative, his ideology swamped by excessive sentiment.

In Brazil, however, the project has already accomplished his twin aims of "raising awareness and provoking debate". The posters have been shown at a number of universities and he points to a recent opinion poll which indicates widespread support for the movement. For Salgado, though,

there is still work to be done. His next book – also in conjunction with Christian Aid – marks the 50th anniversary of Indian independence by chronicling the nation's destitute. His reforming zeal remains unquenched.

"Ninety per cent of the world's population live their lives in pain," he says. "I believe they have a right to be protected from this because we are all responsible for what is going on."

*Terra – Struggle of the Landless* is published by Phaidon. The exhibition begins at St James' Church, Piccadilly, London SW1 on April 17 before touring Britain.

Opera in Belgium/David Murray

## A plot-free spectacle

This is the time of year when many European capitals cheer themselves up with festivals of contemporary music. In Paris and beyond, Radio France has been running its intensive annual survey (most concerts free to the public); Helsinki celebrates its Biennale. If there is a contemporary opera that wants performing, so much the better for Brussels' Festival Ars Musica, the Opéra National has had Robert Wilson in to stage the late Luigi Nono's *Prometeo*, not in their La Monnaie theatre but in a lofty old covered market, the Halles de Schaerbeek.

Taking *Prometeo* out of a conventional opera-house was the right idea, but it should have gone further – right out of any staging whatever. Nono, an Italian upper-class convert to Communism, was also fired by Meyerhold's visions of expanded popular, political theatre. Both of his earlier "operas", *Intolleranza 1960* and *Al gran sole carico d'amore*, strove for plot-free populist spectacle whilst pursuing a rigorously new, post-Darmstadt music: the workers who were duly invited to listen found themselves bemused (though sometimes stirred).

*Prometeo* – "Prometheus" – grew fitfully over several years; Nono finished it, or at least stopped adding to it, in the mid-1980s. Massimo Cacciari's text proposes no visible action, being a collage of fragments (often barely audible) from Hesiod, Aeschylus, Hölderlin, et al. which bear upon the Prometheus myth. The original performances sought to place it and the audience in a magical "acoustic space", where the elaborate "live electronics" required could make their maximum effect alone.

For Brussels, Wilson decided to give the audience something to watch. While the music – nearly all of it extraordinarily slow, though divided between many groups of voices and instruments all round the hall – went on, for more than two hours, a young troupe from the Performing Arts Research and Training Studios performed infinitely slow evolutions in white and grey practice-clothes, sometimes with poles or large rings.

We really did not need that. Since the evolutions went nowhere, and were nothing but an abstract accompaniment to Nono's score, it would have been better – and less boring –

just to listen. The music sounded scrupulously prepared, as directed by Peter Eötvös and Kwamé Ryan, and performed with great concentration by five soloists, the Solistenchor Freiburg and members of the La Monnaie orchestra. The "live electronics" were unambitious, compared to the latest IRCAM products I heard at La Villette in January.

In Ghent I caught up at last with Robert Carlen's staging of *La Bohème* for the Flanders Opera. It has been doing the European rounds for some time now, pleasing audiences but dividing critical opinion sharply. Like many Carlen productions, the current cast is sound, with mostly American principals – and a superlative Colonne from Christophe Fel – conducted with a sure hand by Silvio Varviso. The production, however, is the thing.

Sets by Michael Levine, again dramatically simple, and again superb lighting by Jean Kalman. In Act 1 Rodolfo's crowded little garret is marooned in an endless field of snow, which is equally a wasteland of Rodolfo's discarded manuscripts. Everybody seems to be dressed by Oxfam: Carlen aims to re-create a more modern "bohemian" world, not a smart-but-seedy café society.

Indeed, the Café Momus act becomes a hippy festivity, on a greensward, like Woodstock or Glastonbury. The garret's tall stovepipe serves as a maypole, and by the end there is a cheerful, innocent orgy going on. (Some critics found that too much; I thought it an amusing filip, consistent with Carlen's whole idea.) The snow is back for Act 3, in which Rodolfo and Mimì are both knocking back cheap wine straight from the bottle; but for Act 4 Rodolfo's garret floats in a sea of yellow blossoms, as foreseen in Act 3.

Nothing in the dramatic action seems diminished by Carlen's pliant twisting, which lets the performers play at their roles unhindered – unlike many a fashionably modern re-creating. Evidently he sees Puccini's *dramma lirico* as a "comédie larmoyante", a comedy with sad bits, rather than a miniature tragedy with some creaking at the edges. Yet he brings Puccini's opera much closer to the feel of Mürger's original *Scènes de la vie de bohème*, a grimier view of feckless sentiment and poverty than the picturesque romance we usually see.

The week that put the tat in Tattlon began with a hilariously surreal touch from which it never quite recovered. Was it imagination or, hovering between sleep and wakefulness, did I hear Radio 4's *Prayer for the Day* giving thanks for beauty and goodness in the voice of publicist Max Clifford? It established a looking-glass world which the rest of Saturday's radio could not match.

Not *Loose Ends*, now almost self-parody, with unfunny Antipodean comic, camp Celtic dittos, and lugubrious Irish songstress whose portentous drone evoked a mix of Dylanesque earnestness and the bum notes of Peter Sellers' immortal send-up. Not even the pre-election special that revealed disgruntled middle classes rebelling, corruption reaching officialdom, a population steeped in soap opera, and the US nervously rethinking its close alliance – that was Mexico, of

course, in *The Americas File*.

The air of paradox continued with Sunday's *In Business: Bosses in Revolt*. Sweden, once the byword for impeccable public-funded social security, is having second, third and even fourth thoughts. When they started explaining how the state could no longer fork out money it no longer had, it began to sound familiar. We could do worse than watch the Swedish advance into what they call the post-welfare state era. Particularly fetching was the electric car adopted by the green campaigner called Ribbing (like the conspirator in the Swedish-set *Ballo in maschera* but slightly less blood-thirsty);

down to "old technology", apparently, and the first car to do more than 100 kph. "Environmentally healthy," said Ribbing, adding in a rather un-Swedish way, "and great fun."

Paradox loomed large in *A Breath of Fresh Air*, one of those modestly unheralded treasures often associated with Martin Wainwright. He commemorated the "fresh air schools" that reached their height between the wars, that golden if goose-pimpled age of the Fresh Air Movement and the Sunshine League. Councils could send poor children to these country establishments on the grounds of respiratory com-

plaints, malnourishment or "failure to thrive".

Gentler than previous municipal institutions, the child-oriented classes were designed like cricket-pavilions, with one wall missing, open to the elements, so that the pupils brushed snowflakes off their work in winter or bathed in vernal scents and sounds, watching the occasional hedgehog pass. There were singing lessons in the woods with portable gramophone. In Castleford they leapt from the classroom to do detective work on animal tracks in the snow. In Bristol the school started with chairs and rugs in a park, sheltering under a bandstand, exercising

often to keep the circulation going, the ink frozen into a solid block. Very much kill or cure, as Wainwright nervously put it; but the system worked. In 1919 careful records showed an extraordinary improvement in height, chest measurements and blood haemoglobin in a mere eight months.

The survivors sounded magnificent. At 52 Florence Wood recalled her TB-stricken family and the industrial pollution she had escaped. Others remembered the dedicated teachers, unsung pioneers in education, who made the children feel they were capable of learning. "They taught you how to learn," said one old pupil

incredulously. "I could take in Pythagoras' theory and understand it." Many of the children jumped the class and professional barriers, thriving intellectually and socially as well as physically. What on earth happened to the idealism behind the fresh air schools?

More paradoxes with *Medicine* when Matthew Parris, so strenuously propagated (not least by himself) as political journalism's Mister Nice, just for a moment sounded as shifty, evasive and self-contradictory as any politician or journalist in their respective, much-maligned professions. The revelation of last Sunday's

programme was the payment of £250 exacted from a French correspondent to travel with the prime minister for a day, while still being refused admission, along with the rest of the foreign press, to the Tory press conference. Gallic thrift was outraged and no wonder.

Radio 5 Live's *Sisters in Arms* deals with the biggest paradox of all: women terrorists. The start of a series, Sunday's survey reminded us of the chillingly dehumanising effect of a political cause, any cause – and the equally dehumanising effect on the enemy. One anti-terrorist expert even recommended that in a confrontation or siege the women should be targeted first as they were the more determined and more likely to protect the bloody business than the men. Another case of women having to outdo men at their own game simply to be accepted?

JPK 101.50



## SPORT

## Sporting Profile

# Leap, run and jump into the uncertain future

A one-time publicity junkie and 400m runner has opted out of the spotlight to train for decathlon glory, finds Keith Wheatley

**D**u'aine Ladejo will compete next Thursday in Los Angeles in the first decathlon he has attempted since quitting the spotlight of the quarter-mile and spending almost a year re-training for track and field's toughest event.

Though once renowned as a publicity junkie, the darling of that cross-over land where good-looking male sportsmen become Gladiators, TV presenters or tabloid columnists, Ladejo has been firmly out of the media spotlight for the past nine months.

His days have been spent learning to shot-put, practising the intricate geometry of the javelin launch and sand-pit tactics of the long jump.

"It's a lot more training than 400m, for obvious reasons," said the runner. "I sometimes train three times a day, seven days a week. Because of having different coaches, the locations can be all over England."

Ladejo has been voluntarily unemployed in a financial sense, moving from a high-earner portfolio of sponsorships and appearance fees to living on his savings. For his Olympic campaign last year Ladejo was sponsored by Adidas which, with unconscious perspicience, twinned him on a "Then & Now" poster advertisement with Daley Thompson, the greatest decathlete of modern times.

"It's a huge gamble for Du'aine. If he succeeds in the decathlon, becomes another Thompson, let's say, then he'll be looking at a prodigious earning power, although at the moment it's zero," said his manager Charles Mesdon.

Far from parting reluctantly with the glamour and high-profile of his previous event, Ladejo, 26, maintains that he was constantly a square peg in a round hole when it came to the single-lap race.

"I always found the 400m frustrating because I couldn't physically explode," he said before leaving for the US.

That whole race is about

control and tactics. You can't ever just throw your maximum effort in. Eight of the 10 events in decathlon are about power, length and speed. Look at something like discus or long jump. You don't have to think your way through them. In the 400m, you have to settle back and play with the throttle the whole time. It just wasn't appealing to me."

There have been people in the athletics world, competitors and fans, who saw this whole change of

**'Thompson has seen me train... and it's fair to say he's excited by what I might be able to do'**

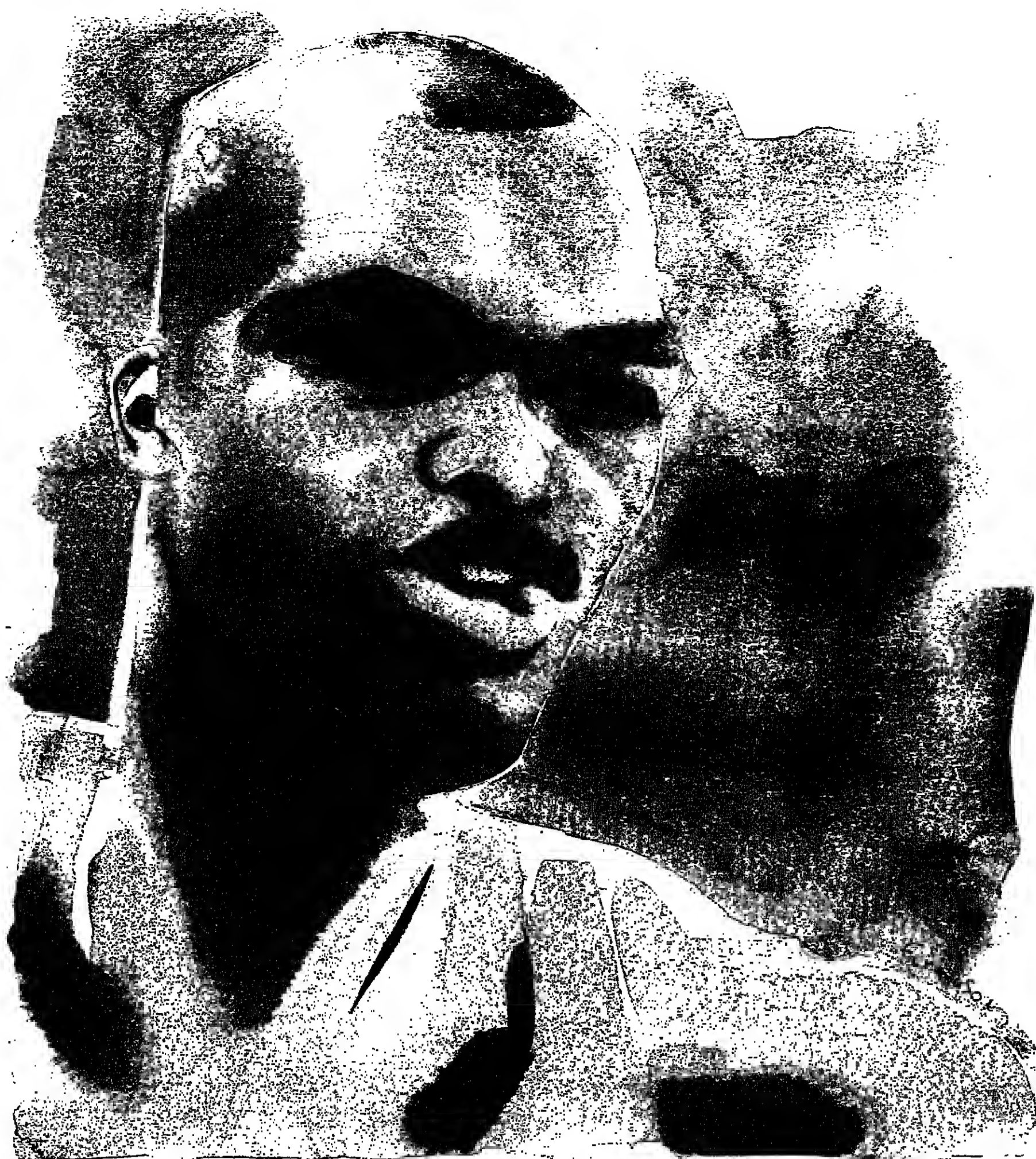
heart as a rationalisation of defeat, a scaling back of ambition.

"Ladejo has always talked a huge act and when he didn't deliver in Atlanta, he needed to find a way out and an explanation," said one correspondent.

That is a harsh judgment, but it is certainly true that in the aftermath of the Stockholm indoor European championships last year, 400m gold medalist Ladejo built himself a huge media profile by telling any journalist within earshot that he was going to give Michael Johnson the race of his life when the summer Games came around.

In a gesture of bravado that must now haunt him, the British runner dyed his hair gold to make sure that no one was in any doubt over his Atlanta goals.

In the event, a blood virus cruelly destroyed Ladejo's chances in the Olympics. He was eliminated in the second round - Johnson, the eventual gold medalist, drawn in the same group, ran more than a second faster than his cocky rival. The only consolation for the



Briton was a squad silver medal for the 4 x 400m relay, although he did not run in the final.

In their inimitable fashion, the London tabloid newspapers then trashed the athlete they had lionised just a few months earlier. "Atlanta was a pretty terrible experience and the press were the worst bit. They just tore me apart," said Ladejo.

It was on the flight back to the UK that he began to reflect on whether he was truly committed to the event that had made his name. In a chance mid-air conversation with Tessa Sanderson, the 1990 Olympic javelin champion, he

recalled that during his schooldays it was always the throwing and jumping events that were his first love.

"Running the 400m, I often felt 'What does it mean?'," he recalled. "Nothing! In long jump you're the furthest. High jump the highest. With middle-distance it's just against a clock. In the decathlon it's a serious attempt to be the greatest all-round athlete."

Thompson has been a hero of Ladejo's since the latter was a child. He says he was thrilled and flattered by the Adidas poster last summer. "It was ingenious and clever on their part, although they

had no idea at all what was going on in my head," he maintains. "It was almost the only thing that made me smile in the whole Atlanta experience."

Thompson has been in touch with Ladejo throughout the winter, offering motivation and encouragement.

"He's seen me train in a few single events and it's fair to say he's excited by what I might be able to do," said Ladejo. His 100m, 400m and 1,500m running events are looked after by long-time coach Tony Hadley. In the javelin, European champion Steve Backley is teaching Ladejo to throw and said to be more than satisfied with

his progress. Hurdling is being looked after by Graham Knight and pole-vault, perhaps the most technically demanding event, by Peter Sutcliffe, coach to British record-holder Nick Buckfield.

As an example of how daunting the technical events can be, Dan O'Brien the current Olympic and world decathlon champion, didn't qualify for the 1992 Games because of failing the pole-vault height threshold in the US trials. He now manages routinely to clear 5.0m whereas Ladejo's recorded best is 3.6m, though there are claims of 4.5m in training.

"There's no doubt that training has to be focused on your weak events and that can be tough," agreed Ladejo. "There's a temptation to go out and grandstand in the disciplines you're already good at, but that won't get you the points."

In the complex scoring of decathlon, one needs a minimum of 8,000 points to be in the international top echelon. O'Brien's world title was won with 8,891, whereas Thompson's personal best was 8,847. So far Ladejo's recorded personal bests - although not in the context of a full decathlon - give him 7,963, so he could be described as

well on the way. "Decathlon is like golf, you're playing against yourself and your strengths and weaknesses the whole time. That's what I'm really beginning to enjoy," said Ladejo, on the eve of what could be one of the most remarkable reincarnations in modern athletics.

"I could have been bored but earning a really good living grinding out the 400m at Grand Prix meetings, so it's been a huge financial cost and gamble," he said. "But I'm enjoying the whole sport more than at any time since I turned professional. I'm using the money I stacked away to follow my dream."

## Cricket

## Fans will respond to sharper edge

Teresa McLean says it's no wonder the county game has lost its local support

**A**s one who shares Matthew Engel's delight in the subtleties of county cricket, I welcome his bold editorial in this year's Wisden publication. English cricket has its problems analysed all the time, but answers are elusive, as one would expect of such a long, complicated game with such a long, complicated history.

Engel's article delivers some home truths about English cricket, but lack of space means he cannot treat them all in detail. England's recent failures as a touring side, for instance.

It is true that young sports fans seek heroes to imitate and admire. In the unsettled years of the 1960s, the introduction of the one-day game and of overseas cricketers disturbed the pattern of county cricket, but did not make hero-worship hard for me.

My only problem in that department came from the dreary indifference to cricket displayed by my family and friends. How could I dash up and help the 1969 crowd to dry the Oval turf with cardigans and handkerchiefs on the last day of the last Test against Australia, ready for Derek Underwood to bowl his triumphant 7 for 50, when no one at home could think of anywhere worse to be on a wet day than a

cricket ground? I had to enjoy my excitement alone, but at least there was some reason to be excited, not the anticipation of the collapses that have plagued English tourists for the last five years, until this winter in New Zealand.

The last few years at home have not been brilliant, but not so bad. It is overseas that England have been doing so badly, while the England A-team flourishes, winning their last three tours in fine style. Last winter Nasser Hussain led them to victory over Pakistan A. His tour average with the bat was 52 for England in New Zealand he averaged 30.

It is almost like a suffocation that afflicts the English players as soon as they go abroad with the English team and it was a relief to see the mature Robert Croft refusing to succumb and playing well last winter.

I think England badly need a strong pace pair to open the bowling attack: there are some good, hostile county bowlers such as Dominic Cork and Philip de Freitas but they only go to pieces when they play for England.

Last season, county cricket showed these two playing for Derbyshire alongside these

imported Australian companion and invigorating captain, Dean Jones, in a howling attack which, with Devon Malcolm and young Andrew Harris, could host a pace quartet.

Alas, Derbyshire fans could only watch them last season at Derby and Chesterfield. This is one of the points where I agree most wholeheartedly with Engel: county cricket will never increase the number of its grounds at its disposal if it decreases the number of its grounds it uses.

I can see that grounds are expensive to run, but well-run, well-placed grounds attract spectators and earn good reputations for themselves.

Remembering my own experience again, there was always a chance of persuading my mother that a day watching Kent at Tunbridge Wells was worth a try, because it was only 11 miles from where we lived. Grounds in the London suburbs, on the Sussex coast or in Canterbury were too far away for uncertain visitors such as my mother.

Sbe was one of the multitude of cricket tolerators with no special interest in the game, but willing to come with me if it was not too far away, the food and drink was nice and there was a

patch where children could play.

As county cricket seldom tries hard to provide such an atmosphere - even festival cricket, a popular outpost of the county game, is losing its grounds in sorry succession - it is not making the best offering of itself.

Kent still use their Tunbridge Wells ground and last season played two county games there, seven at Canterbury and one at Maidstone. Other venues such as Folkstone, Sittingbourne, Ashford and Eltham were not so lucky.

It's no wonder county cricket does not attract the same local loyalty as it once did. This was already weakening in the 1960s, with the arrival of one-day cricket, widespread broadcasting and with people's increasing movements between areas.

Until 1992 Yorkshire held hero-

ically to their principle of only using Yorkshire-born players and I respected them for that, but could understand why they eventually dropped it as archaic and joined in with the other counties' market-place in players.

Football clubs play most of their games in the evenings and at weekends; cricket clubs play four-day county games mostly during the week, which presents obvious problems, but not incurable ones.

I am not certain that the idea of a two-tier county system would help with this. The danger is that the first division might cream off all the best players, leaving a depressed second division unable to attract ambitious young players.

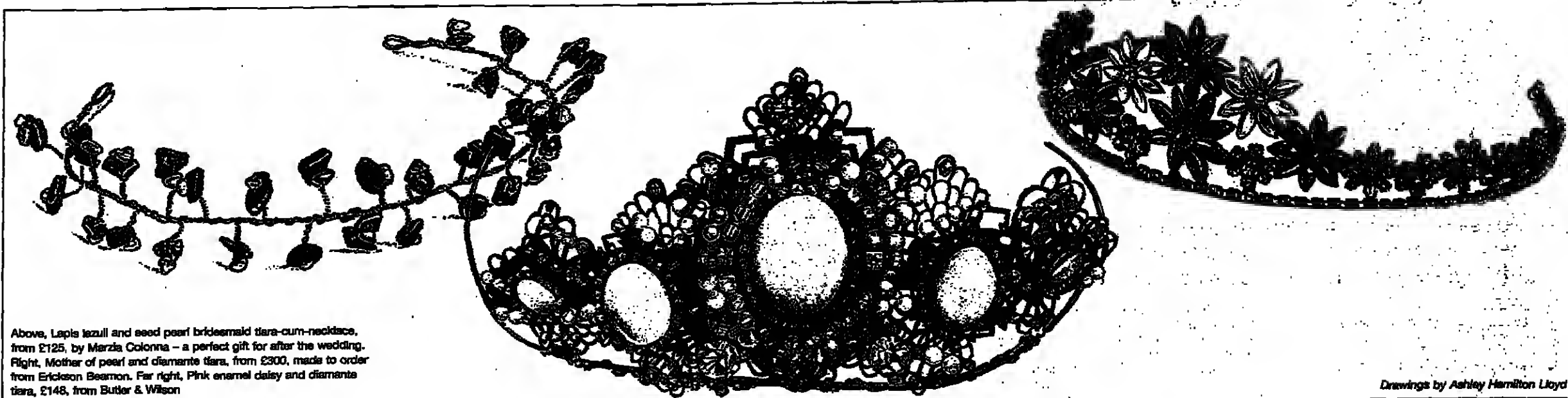
By contrast, if all county games were more widely and more keenly played, I would go to more of them. There are still some of us who like the battle-plan depths of county cricket. If the ECB can devise some sort of organisation and incentive scheme to spread county cricket and give it a sharp edge, fit it into limited space and urban life and make the best of publicity instead of shunning it, there are some of us willing to respond.



On the attack: Andrew Harris playing for Derbyshire



# How to Spend It



Above, Lace and seed pearl tiara-cum-necklace, from £125, by Merzia Colonna - a perfect gift for after the wedding. Right, Mother of pearl and diamond tiara, from £300, made to order from Erickson Beamon. Far right, Pink enamel tiara and diamond tiara, £148, from Butler & Wilson

Drawings by Ashley Hamilton Lloyd

## The crowning glories of fashion

From the haute couture catwalks to nightclubs, tiaras have become the modern alternative to hats. Grania Langdon-Down reports

Tiaras may be back in vogue, as a recent exhibition of some of the grandest creations at a London jewellers intimated, and there is a resurgence of classical designs for wedding head-dresses. But who, apart from royalty, who has an opportunity to wear them? Anyone from 12-year-old bridesmaids to fashion nymphettes to dowager duchesses, it appears.

One of the keys to their revival is versatility - tiaras can now be worn as necklaces, broken down into matching brooch and earrings or worn flat as a headband. Tiaras that can move easily from grand occasions or weddings to cocktail parties and nightclubs can find a new role. For designers such as Karl Lagerfeld, tiaras are now the modern alternative to hats.

London-based jeweller Slim Barrett has been making tiaras since 1984. About three years ago, he made a crown for the



The versatile 'Julia' from Josie Baird Tiaras. The finest crystal is used for this tiara which unclips...

Lady of Knockaloe as a family heirloom to commemorate her OBE. "Tiaras only started being shown on the catwalks about 2½ years ago when John Galiano and Richard Tyler used some of my designs," says Barrett.

"The fashion press jumped on the bandwagon and since then everybody has started making tiaras." In the finale of Lagerfeld's last haute couture show in Paris, he

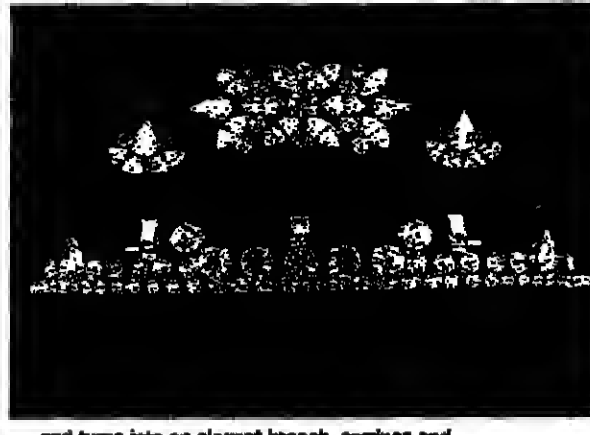
showed off finely knitted sterling silver necklaces used as tiaras.

Until about 18 months ago, most of Barrett's tiara customers were brides. "Now people are wearing them to parties and they are something between a fashion item and an art object."

His designs are mostly made of sterling silver with mother of pearl, faux pearls and Austrian crystal.

Starting at about £120 for the simplest, the average price range is £350 to £700, although he has made some to order for over six figures.

It was the idea of treasured pieces of jewellery being worn only once before being consigned to a drawer or safe - or even the children's dressing-up box - which set 79-year-old designer Josie Baird thinking. She was about to close



... and turns into an elegant brooch, earrings and a head band.

down the Museum Replicas jewellery business she had started 27 years ago and retire when she decided instead to launch a new range of tiaras which would have a life long after the wedding was over.

Her five different tiaras, made in silver or gilt with crystal and faux pearls and costing between £85 and £145, are cleverly designed so they unclip to provide a detachable brooch and matching earrings.

"I like the idea of making something which can go on giving pleasure for a long time and is not worn once and then forgotten," says Baird. "It has proved a tremendous fiasco. We recovered half the £5,000 launch costs in the first three weeks of trading. I just had a hunch that it was the right time to go ahead and make tiaras that could break down into separate pieces of jewellery - it seemed a sensible contemporary version."

Geoffrey Munn, managing director of Wartski jewellers and a specialist on the Antiques Roadshow, had been thinking of holding a tiara exhibition for two years. "I didn't realise it would prove such a white-hot idea. I have been handling tiaras since I started working here 25 years ago. What has happened is the nymphettes have come out of the woodwork and these paper-thin, shadowy fashion ladies are very keen on tiaras."

"But at the same time, Maureen, Marchioness of Dufferin and Ava, held her 90th birthday party at Claridges, attended by the Queen Mother, and they all wore their tiaras - these were venerable ladies returning to what they know."

More than 5,000 people squeezed into Wartski's, 16 at a time, to see the glittering collection (*One Hundred Tiaras - An Evolution of Style 1800-1990*), raising about £30,000 for the Samaritans. Alongside very grand tiaras from the Russian and French crown jewels, and seven on loan from members of the British royal family, were those made of much more modest materials - jet, rhinestones and pinchbeck.

Vivienne Westwood designed one for the exhibition, while others were loaned by celebrities including Elton John, who claims never to travel without a tiara, Dame Edna Everage, Joan Rivers and Joanna Lumley.

Munn says: "If I had tried to hold the exhibition during the recession, I think it would have been deeply frowned upon. People are more prepared now to take on something frivolous, pretty and expensive."

Simon Wilson, designer with Butler & Wilson, created one of Dame Edna's tiaras on show at Wartski's with "megastar" spell out in scintillating stones. Butler & Wilson started designing a large range of tiaras about two years ago when the

transform their day suit into an evening cocktail outfit.

"Fashion is generally becoming more feminine and glamorous. Women are no longer trying to prove the point that they are in with the lads and that frivolity doesn't exist."

Working from her studio in Dorset, Colonna has found an increasing number of commissions for women invited to tiara parties.

"Charlotte Morrison, for instance, had a tiara ball down here and I had a succession of women coming to my door asking for something to match their dresses."

Vicki Beamon, of Erickson Beamon, said: "The whole jewellery market is going very romantic. We did some designs for Anna Sui, the New York designer who is very much into the babydoll pyjama grunge look. I

thought tiaras would be as short-lived as the grunge movement but they have just kept on growing."

"We have just finished all the collections in Paris. One of the strongest was Dries Van Noten for whom we did a lot of hair ornaments. We are doing very good business with softer-looking tiaras with beading, which we will match to people's dress fabrics."

■ Slim Barrett, Studio 6, Shepperton House, 83-93 Shepperton Road, London N2, tel: 0177-354 9392; Josie Baird Tiaras, 11 Gloucester Crescent, London NW1, tel: 0177-485 6082; Butler & Wilson, 20 South Molton Street, London W1, tel: 0171-489 2855; Erickson Beamon, 39 Elizabeth Street, London SW1, tel: 0171-259 0202; Marzio Colonna, The Old Manor, Evershot, Dorset, tel: 01985-85541.



A gold tiara in the form of a traditional Russian head dress called a kokoshnik set, with faceted and cabochon rubies and diamonds. St Petersburg, 1890, by G.E. Bolk.



A kokoshnik set made of platinum and with blue pique-a-jour enamel. It is decorated with trails of forget-me-nots in diamonds. Russian, 1890, attributed to Fabergé.

**Choices.**  
The list is endless. And the list isn't.

You haven't seen every possible permutation of the timepiece. It just feels like it. You've owned one or two and come to a few conclusions: nowadays, fancy looks doesn't automatically mean good product. Nowadays there is no room for those selling an outdated reputation. Equally, a no-name, novelty value, perpetually outmoded, does not make a good long-term purchase.

If you have a substantial amount of money or assets, it requires management. You can't afford to experiment - you need a reason to entrust your wealth to someone. We have been looking after people's investments for some 160 years.

So what? So we offer you access to a spectrum of experienced financial specialists, who single-mindedly pursue the policy that best answers your needs.

We do not dilute our efforts by offering every single service, only the ones we believe will add value to the investment. Because we all have better things to do with our time. Money, providing exclusive solutions to asset management. Telephone 0645 12 0645 now, this second, for your nearest office. Or write to Philip Mitchell, Money & Co, Royal Liver Building, Pier Head, Liverpool L3 1NY.

**t**

A Member of the London Stock Exchange, regulated by the Securities and Futures Authority for the conduct of financial business in the UK, licensed by the City of London Corporation Financial Services Department to conduct financial business in the United Kingdom. Services only available to UK residents.

**THE SIMPSON SUIT PROMOTION**

COME INTO SIMPSON PICCADILLY BETWEEN THE 7TH AND 26TH OF APRIL AND TAKE ADVANTAGE OF OUR FABULOUS SUIT OFFER.

PURCHASE ANY ONE OF OUR 3,000 SUITS IN STOCK (THEY START FROM AS LOW AS £975), AND PAY JUST HALF PRICE FOR ANY BUSINESS SHIRT.

**Simpson**  
PICCADILLY

203 PICCADILLY LONDON W1  
TELEPHONE 0171 734 2002



## HOW TO SPEND IT

## Fashion

# What makes Gucci and Prada great?

Vanessa Friedman goes in search of why two designer houses have successfully captured the imagination and cash of so many customers

I confess: I don't get it. The fervid adoration which lights up countenances when the names "Prada" and "Gucci" are mentioned, the clothing lust that sends customers racing to the stores as soon as a new line comes in, the seemingly unending "hotness" which has more than doubled both houses' profits in the last two years and sent them on the road to ubiquity, escapes me.

What is it about black nylon and slinky jersey that is so unique? How is it that clothing can create its own sub-culture?

After two years of being puzzled as friends waxed rhapsodic over their new Prada coat, or called to confess they had gone out to buy bread and come back with new Gucci sandals; after two years of hearing about fashion editors tussling and fighting over the latest "must have" in Milan; and after the recent autumn collections, when Gucci and Prada were once again proclaimed leaders of the pack, I decided ignorance was no longer bliss. It was time to find out what, exactly, was so great about Gucci and Prada.

I looked at the ads - where the interest that would lure a shopper into a store is created. Gucci was all louche, debauched women and sultry, seedy men; played on the floor or a beach, they reeked of post-party satisfaction and *canon* in lures and knits.

Prada was sweeter but still decadent: a lone girl-woman adrift in a boat or slumped on a chair, slightly corrupted innocence in a chiffon dress. Both campaigns were full of atmosphere - but not, necessarily, clearly photographed clothes, and these, I thought, were the point of the thing. Maybe the merchandisers could provide clarification.

"Gucci and Prada both owe much of their success to their marketing campaigns and their quality and style," says Anne Pritchard, Harrods' director of fashion. "Plus, the relationship between quality and price is a fair one."

"The lines are very well-cut, and the fabrics are lovely," adds Nicole Fischl, fashion director of Saks

Fifth Avenue. "When I first started buying Prada women's wear six years ago, the thing that attracted me to it was its luxurious simplicity; it looks like conventional bourgeois clothing, but has an incredibly modern cut," says Josephine Turner, the owner of A La Mode, the first boutique to stock Prada in London. "You have to try it on to understand."

And that's the problem. I need first-hand experience. I need to shop. At 11am on a Saturday, Prada's store in Sloane Street, London, was already bustling: couples picking up and putting down shoes, young women running in and out of fitting rooms, and - the ultimate signal that a fashion house has become part of fashion history - a pair of knock-off

**'Designers realised if they could create a "brand" they could create their own community'**

artists photographing everything in sight.

I cast my net wide, picking up a flowing, to-the-knee dark blue skirt (£275), a lavender sweater (£235), a plain black sleeveless dress (£495) and a nylon shirt-dress (£570) that bore an alarming resemblance to a nurses' uniform. On me, none of it looked particularly extraordinary and, indeed, the shirt-dress, which featured large pockets over the hips, looked fairly horrific ("We haven't sold any of those yet," admitted a saleswoman).

Then, however, I put on the black dress and, like Saul on the road to Damascus, I suddenly saw the light. Apparently simple, it was very intricately cut - and incredibly flattering. I felt a sudden and powerful desire - and, for the sake of my bank balance, decided it was time to go to Gucci.

Gucci was so busy it was hard to find a saleswoman, but most of the activity was

centred on the shoe and bag department. When I got to the dressing rooms with my selections - a crocheted day dress, a pair of khakis and a long bias-cut evening dress - I was the only one there.

This was a relief when I put on the day dress (£360) and discovered it was, in effect, transparent ("Well, you could wear it with a bodystocking," said a saleswoman dubiously, "but we recommend a G-string"). The khakis (£160) were just that, khakis, aside from a small silver "G" hanging off a belt hook, and but for the fact that they were about six too long, there wasn't much to distinguish them from their high street brethren.

The evening dress (£560), however, was a different story. Like the black dress at Prada, it was deceptively simple and transformative, the kind of garment that is unmistakably the work of a master. In it I felt sexy and smart and kind of sarcastic - I felt, in fact like the ad - and if I had had a place to wear it to, I might have bought it. But then, I realised, I could follow the example of the other shoppers and buy a bag as a kind of practical and economical souvenir of the dress-derived sensation.

It is generally accepted that the bread-and-butter of both houses lies in their accessories and, indeed, an ad-hoc survey of their clientele reveals that, while 99 per cent admit to owning one of the omnipresent Prada nylon sacks, or a pair of Gucci loafers, few have bought more than an item or two from the ready-to-wear collections.

"I buy a lot of Gucci shoes," says one woman who visits the shop at least once a season, "so does my husband; he probably has around 16 pairs. They're incredibly well-made - even the men at the shop where we have them mended say they buy their shoes at Gucci - and they last. They also have a certain style, which picks everything else up."

As for the Prada bag, again the same words come up. "It lasts forever," says another woman, "you don't worry about plunking it on the floor, or getting it dirty, because you can just wash it off. And it doesn't call a huge amount of attention to itself; it's functional and fashionable."

Even the less basic and familiar accessories - the beautifully constructed Chinese-brocade evening purses at Prada with a wrought-metal clasp, say, or the horseshoe-bit patent leather heels at Gucci - display an attention to detail that gives them a kind of secretive seduction.

While appeal-by-association might explain the success, however, and sheer artistry account for the evening wear, I was still unclear about the root of the ubiquity: why, for example, Gucci doesn't just sell a few white tuxedo suits, but sells out; why Prada has a lengthy waiting list for its new, Oriental-inspired platform sandals.

Unclear, at least, until I turned to the society pages of a high-circulation glossy magazine and saw Tania Bryer and Yasmin Mills photographed at a Fashion Week party in the same Gucci tuxedo dress, and Jennifer Jason Leigh and Meg Tilly, in the same Prada car coat. Such publicity is priceless and has a trickle-down effect on the culture. Let's call it the "If she's wearing it, it must be hot" syndrome.

"It's like what happens in high school," says Ann Hollander, a historian of art and dress and the author of *Seeing Through Clothes*. "And it's been going on for hundreds of years. Balzac wrote about it in terms of the first French department store, which provoked a kind of mass hysteria in women. It's a confirming thing to be able to attach a prestigious name to your character, and it feeds on itself." So add the herd mentality to good quality and perfect cut.

Still, there had to be



PRADA



GUCCI

Poster girl Amber Valletta models the louche, sultry look for Gucci last year (right) and the sweeter, decadent look for Prada this year (top)

Above, a timeless pair of Gucci shoes with the archetypal snaffle

Images from Advertising Archives

another part of the puzzle as to how Gucci and Prada have managed to transcend the role of "clothing designer" and become, essentially, "clothing dictators" - the sartorial vengals. You need something else to go from object to obsession.

"You need to somehow book into the zeitgeist and make it your own," says Marshall Blonsky, a professor of communications at New York University.

"There is a basic tenet of postmodern theory which postulates the death of the author at the end of this century. Which is another way of saying that we have become 'collectised' - we take strength in the group. Fashion designers figured that out long ago, and realised if they could create a 'brand' they could create their own community."

The brands that Gucci and Prada have created for themselves are obvious: Gucci trades on the nostalgia for the free, irresponsible disco decade; Prada on the lure of the Lolita. Their images are, in fact, opposite sides of the same coin: the two faces of the 1970s, as filtered through a 1990s gauze (it is, perhaps, not entirely coincidental



PRADA

William Dufresne in Prada kit for its '95/'96 campaign

that Amber Valletta, the new Prada model, was the Gucci poster-girl a year ago).

"The sexual revolution of the 1970s was cut off before its time," says Blonsky. "leaving all this repressed global libidinal energy that was obviously going to return, and Prada and Gucci were smart enough to pick upon that and use it."

They were also smart enough to pick up on it and use it first, associating themselves and, by proxy, the people who wear their clothes, with the sense of being on the cutting-edge of the rapidly and ever-turning fashion wheel.

"They are offering people the thrill of the live-wire," says Blonsky.

"What people are buying when they are buying the clothes isn't just garments," adds Richard Martin, curator of the Metropolitan Museum's Costume Institute.

"They're buying a souvenir of their own or their collective past - a time when sex entered the modern world. The companies are trading on the reputation of an era."

Thus, when you buy a Prada skirt or a Gucci shirt, or even a Prada bag and Gucci shoes, you are not buying simply a well-made item, you are buying a lifestyle: an ethos and a past and an instant identity for yourself.

And it is this intensely perceptive image-making, backed up by perfectly wrought clothes, that makes Prada and Gucci so great - at least at this particular moment.

There is an inherent problem with this equation, however, a kind of built-in obsolescence: as more and more people buy into these brands, as their communities grow larger, their associ-

ation with the cutting-edge will necessarily dissipate.

Already much of the implicit irony in Gucci's juxtaposition of the classic with funky new materials and colours and its plastering of "G"s on everything, seems lost in a world where Noel Gallagher announces his mother has been "Gucci-ised". (As the Gucci shoe-lover says, "I bought the clogs a few years ago, but

they're just not funny any more.")

Already, the initial allure of Prada - its near-invisibility as a label - has been up-ended: it is now one of the most recognisable brands in the business.

Indeed, Josephine Turner stopped stocking Prada at A La Mode last year because of its over-exposure.

To maintain their respective positions, Prada and

Gucci will have to re-invent their image constantly (and Gucci, for one, has already started, moving its cultural reference point from the 1970s to the 1980s in the autumn collection).

The alternative is to suffer the fate of Armani, and become two more quietly successful design houses. I'll cross my Gucci boots, tuck my Prada bag under my arm, and wait and see.

## CHRISTIE'S



A William and Mary figured walnut reading table  
Estimate: £30,000-£50,000

### THE PARRY COLLECTION

AUCTION:

London, 24 April 1997

In collecting 18th Century walnut furniture, the Parys have concentrated on the combination of fine craftsmanship, elegant proportion and most importantly patina, colour and condition. Among the fine pieces in the collection are eight bachelor's chests and ten chest-of-drawers. Of equal importance is the oak furniture and the Parry Collection is refreshingly unusual in representing vernacular oak from the 18th Century. Of particular note are the seven Welsh dressers, the Welsh press cupboards, *offices* back and corner cupboards.

ENQUIRIES: Robert Copley on (0171) 389 2353

CATALOGUES: (0171) 389 2820

8 King Street, St. James's, London SW1Y 6QT

Tel: (0171) 839 9060 Fax: (0171) 389 2225

Internet: <http://www.christies.com>

## FT Exporter

will be published on the following dates in

1997:

Thursday, April 17

Thursday, July 10

Thursday, October 9

Thursday, December 18

For further information on advertising opportunities in the FT Exporter series, please contact:

Derek van Tienen or Sally Beynon

Tel: 44 (0) 1223 833 300

Fax: 44 (0) 1223 833 332

or your usual Financial Times representative

FT Surveys



## FOOD AND DRINK

## Eating out

The appeal of *la cuisine du bonheur*

Sue Style discovers a good reason for visiting a small Swiss watch and textile town

The Rhetotel Fischerzunft in Schaffhausen is a surprising sort of place. To find it at all is the first challenge, tucked away on the banks of the Rhine in the old part of town. The problem is easily solved. The citizens of Schaffhausen are proud of their world-famous restaurant and almost anyone you stop to ask can give you directions – and will probably wish you *Guten Appetit* for good measure.

The next surprise is the building itself. Built in the 14th century, and formerly the meeting house of the fishermen's guild, it is now a beautifully restored hotel and restaurant. The exterior is washed in palest pink, the front door guarded by two ornate lions. (A triumph of recycling, their coats are fashioned – it transpires – from mosaic-style fragments of broken china, casualties from the restaurant.)

Then comes the welcome. Swiss hotels and restaurants are renowned for their efficiency, less often for their *Gastfreundschaft*. Inside the Fischerzunft an unusually relaxed and joyous

welcome awaits you. Inquiries are made about your journey, formalities are kept to a minimum, bags are whisked away, a glass of champagne (or a local Pinot Blanc) is proffered to ease the tedium of registration.

The rooms, 10 of them, are a delight, done in subtle shades and fetching chintzes, none of the clinical white so beloved of Swiss interior decorators. Some give directly on to the Rhine. From your window you can watch the swans slide by and observe the moorhens and other river birds, bottoms up in the water. The appealing house motif of *la cuisine du bonheur* (which crops up on towels, bathrobes, napkins and menus) is represented by two frolicking fish in interlocking yin-yang mode.

Yin-yang, with its concept of contrast and complement, light and dark, masculine and feminine, is central to chef-patron André Jaeger's astonishing food. A native of neighbouring Canton Aargau, known in Switzerland as Ruebli-land – carrot-land, he spent several years in Hong Kong before settling back beside the Rhine. His cooking has developed gradually into an inspired blend of Europe and the Orient, with a discreet but definite dose of Swiss precision. Gault-Millau, the alternative French restaurant guide, gives him 19 out of 20 and has twice voted him *Cuisinier de l'Année*.

There are three menus to choose from (*menu du poisson*, *menu dégustation* with wines or *menu du bonheur*), or you can eat – à la carte. The *menu du*

*bonheur* is a happy choice. First comes a toothsome tempura of squid and scampi with slippery rice noodles and crisp spring vegetables. A piping hot rice soup with chard follows, discreetly spiced with cinnamon and enriched with lobster quenelles.

The petite lotte steals the show, wrapped in sweet-sour caramelised leek and served with a crunchy, corny polenta.

If you have to eat trout, Jaeger's dish of fresh and tea-smoked trout on a bed of carrot lozenges and spring onions may be the least painful way of doing it. The *pot-au-feu* of baby beef or adolescent veal, depending on your point of view, is lightly devilled and comes with

its own greenery. The just melted (*tiède*) tomme from lake Geneva is speckled with chopped dried fruits and flavoured with fresh herbs. An intensely citrusy grapefruit sorbet with meringue wafers and a sauce made of an obscure but delicious exotic fruit is but a prelude to the final flourish: a pineapple mousse with a sharp fruit sauce and a nutty pistachio ice.

Presentation is stunning. Plates of many different sizes and colours are set on black lacquer trays and set about with flower petals and other finery. The dining room is alive with the excited buzz of happy eaters. This is not the place to go if you are revolted by the sight of people joyously flashing forks full of food at their fellow diners – everything tastes so explosive,

so different, so perfectly balanced, that the temptation to share it is near-irresistible.

Jaeger's wine list is another startling revelation: prestige labels are not what people look for here ("my guests often have these bottles at home, I like to offer them something they may not have tasted").

The emphasis is rather on interesting wines from all over the world, with offerings from Italy, France (especially Burgundy), Germany, Austria, California, New Zealand – and, Australia, New Zealand – and selected bottles from Switzerland. There is also a good selection of half bottles. Each is chosen with care to rise to the particular challenge of matching Jaeger's extraordinarily complex and sometimes highly spiced range of dishes.

The final surprise is that having eaten and supped so well, you feel wonderful and you sleep deeply and well – just another manifestation of the oriental influence in Jaeger's unique *cuisine du bonheur*, which leaves you satisfied but with no ill effects (nor regrets) at the end of the feast.

Why would anyone go to Schaffhausen, a small watch and textile town tucked away in a bucolic bulge of north-eastern Switzerland bordering with Germany? One good reason would be the Fischerzunft.

The place is a retreat, but it is close to Zurich and the airport. Kloten is 40 minutes away. (The weekend we visited, Jaeger was expecting a Sunday lunch party from London, there to combine a visit to the town's new modern art museum with a Fischerzunft feast.)

The Black Forest is on the doorstep, Alsace is but a stone's throw away. The Fischerzunft is also well placed for those en route to Italy from northern parts. Stop there next time you are in the neighbourhood. You may be surprised.

## Cookery

## Give cheap chicken the bird

Be a discerning diner, says Philippa Davenport, and search for genuine, free-range organic poultry

Great barons of beef disappeared with the British Empire. Now, even modest cuts seem to be going the way of the dodo. Walk through the streets of an English market town at midday on Sunday and you may not catch so much as a whiff or sizzle of roast beef and puffed up Yorkshire pudding, that celebratory duo once as much part of the British Sunday ritual as radio's Two-Way Family Favourites.

The sales of chicken are booming instead. The bird is Britain's number one meat. Even some people who like to call themselves vegetarian occasionally allow themselves poultry. Quite why is questionable, although it is tempting to speculate that the reason lies in the fact that so much of what is sold in the name of chicken today is so pallid and so low on taste that it is not easily identifiable as meat. It falls more naturally into the anonymous category of protein food.

I long for those innocent days when it was safe to assume that chicken meant a contented bird slow-grown to maturity on wholesome grain and vegetation gleaned from the farmyard and surrounding fields, dispatched by hand, hung long-legged and sold with its giblets. All salmon then were wild, potatoes were grown without loads of chemicals, and apples were chosen for their eating quality not for uniform good looks.

Times have changed, so have the meanings of words. Chicken now means intensively reared, a modern breed of bird designed for fast growth and early death, giving the producer a quick return on his money and giving the shopper cheap food. Too cheap. The cost of flavour has been lost.

If you rejoice in the pleasures of the table (and your choice is not dictated by what is cheapest), playing word games has become a ludicrous but necessary part

of food shopping. Since chicken has come to mean non-chicken, if you want chicken with good chicken flavour, you need to ask for free-range or organic.

Even free-range seems to be a dangerously imprecise weasel word now, open to abuse and misinterpretation, no guarantee of fine flavour or caring farming. Just as virgin olive oil has been subjected to various sub-classifications – first class degrees in virginity being awarded only to oil so extra-virgin that it has never been kissed – so free-range chicken can mean one of three things.

On the lowest rung of the taste ladder are free-range chickens plain and simple. These strike me as little bet-

**Organically raised birds offer extra guarantees concerning diet, flock sizes and medication**

ter to eat than intensively reared chickens – and the birds are little better off from a welfare point of view. The same modern breeds are kept in similarly vast flocks, apparently reaching maturity and culled within 42 to 56 days of hatching – too little time to develop much flavour.

The only essential difference between intensively reared and basic free-range table chickens, as I understand it, is that free-range birds have to have access to outdoors for half their short lives. But being modern breeds, more adapted to cramped indoor couch-potato lifestyles than to running free, few make use of their licence to restricted roaming.

Traditional free-range chickens and total freedom free-range chickens are more

likely to please cook, diner and animal welfare alike. They are not so cheap and not so widely available – but you can taste the difference. These are genuinely free-range birds by breeding and circumstance, not modern agrophobic weakling varieties of chicken. They are big boned, sturdy, with muscular legs, by nature slow-growers, taking an average 80 days to reach maturity, fond of fresh air and naturally well suited to scratching a living outdoors.

Best known in Britain, perhaps, are the Landis chickens of south-west France. *Poulet noir*, the black-legged French chicken, is also popular (flocks were raised in Ireland for the British market a few years ago) and American Rock Cornish hens seem to be gaining fans. Bresse chickens are most famous of all, in a class of their own – with price tags to match.

Organically raised chickens are required to meet all the standards demanded of traditional or total freedom free-range birds, and offer extra guarantees concerning their diet, medication and flock sizes, which are kept down to a companionable maximum of 500 birds.

Any genuinely free-range table chicken (whether it falls into the traditional free-range, total freedom free-range or organic category) should make good eating. The white meat may be less than Persil white, the dark meat noticeably dark, the flesh tends to be juicy, maybe slightly chewy, taking fractionally longer to cook than a bland unexercised youngster that has been reared to intensive or basic free-range standards. But who wants tender and characterless meat? If a wholesome, flavoursome, worth-getting-your-teeth-into real chicken alternative is available? No competition.

**LEMON AND ROSEMARY CHICKEN AND POTATOES**  
(serves 6)

This is the sort of simple cooking I like best, a dish of



chicken and potatoes, baked rather than roast. Like all simple dishes, its success depends on ingredients of quality, preferably organically grown. I first tasted it in the Greek island of Rhodes more than 30 years ago. I had seen the chicken roasting around the garden during the earlier part of my stay. The potatoes were local, as was the olive oil. The lemons came from a tree in the courtyard, and the herbs used were wild thyme and oregano, the heady scent of which seemed to spring up from under our feet wherever we walked.

This week I used creamy-fleshed organic Santé potatoes from Waitrose, and gave the recipe an Italianate slant

with Sicilian lemons and rosemary. The amount of potatoes I suggest may sound excessive but good potatoes that have been cooked in and absorbed a combination of chicken drippings, lemon and herbs are exceptionally good, and any leftovers make favourite lunch pickings.

A fine chicken weighing about 1.5kg when oven-ready, 1-1.5kg potatoes, ideally oval and weighing about 150g each; 2 lemons; 1 garlic clove; fresh rosemary; about 100ml olive oil.

Remove the fat from the tail end of the bird; cut and pull out the wishbone to facilitate carving. Season the chicken inside and out with sea salt and black pepper.

Stuff the cavity with long curls of thinly pared lemon peel, the halved garlic clove and a few sprigs of rosemary.

Sit the bird in a large roasting pan, baking pan, lasagne dish or similar, and rub a cut lemon half all over the bird, squeezing the juice from it as you rub. Leave in a cold larder for two to eight hours.

Peel and quarter the potatoes lengthways. Pile them around the chicken, preferably in a single layer. Squeeze the juice of the remaining 1½ lemons over the potatoes and season lightly. Scatter both bird and vegetables with rosemary needles stripped from the twig, 2 tablespoons of herbs at least,

and gently drizzle the olive oil over the whole lot. Turn the bird breast down, drizzle a supplementary tablespoon of oil over its back and lay a sprig of rosemary across it. Spoon 50ml water (or giblet stock) into a corner of the pan and tilt the pan to spread the liquid.

Slide the pan into an oven heated to 220°C (425°F) mark 7. Baste well after 20 minutes, reduce temperature to 190°C (375°F) gas mark 5 and cook for 20 minutes more. Then turn the bird breast up, turn the potatoes, and continue cooking for 40-60 minutes or until the chicken is lightly gilded and cooked through and the potatoes have absorbed most of the flavourings, are tender

and tinged with gold. Baste and lift both meat and vegetables every now and then to encourage even cooking and prevent sticking. If the pan begins to look dry, add a splash more boiling water or extra lemon juice or olive oil, according to taste.

When the chicken is ready, let it rest for 10 minutes or so before jointing or carving. I am inclined to leave the potatoes in the oven at this stage and to turn the heat right up again to give them a golden finish. Just before cutting the chicken, tilt the bird to let the juices run from the cavity into the pan. Place the pan over low heat and stir to loosen the sediment making a scant but best-ever gravy.

## Wine / Edmund Penning-Rowse

## The 1996 first-growths shine

In the history of Bordeaux vintages it is a very rare event but 1996 was the third vintage in a row to be a success. However, it was quite different in character from the overall roundness of the '94 vintage and the highly successful '95, produced after a torrid August.

The summer of 1996 was no more than moderate while August, said to be the month that makes the taste, was wet and cold until the last week. Three excellent hot dry weeks followed with some rain in the middle of September. However, in the Médoc most growers began picking on the 23rd and finished at latest 10 days into October. But this was a Cabernet-Sauvignon one. There was much more rain on the right bank of the Gironde – basically on the Merlot appellations of Saint-Émilion and Pomerol – where the wines were less successful.

The good fortune of the Médoc was the result of an extraordinarily high sugar content which

many of the growers did not understand. Cool nights in September meant that this was, to some extent, balanced by high malic acidity. But that was substantially reduced in the subsequent malic fermentation, generally taking place in November.

The assemblage that was made early in the new year tended to include rather less Merlot in the *Grands Vins*. The 1996 Médoc is the upper Cru Bourgeois and Cru Classé appellations are fine fruity round wines with a certain amount of tannin, which implies that they will take some time to come round.

Comparisons are being made with the 1988 and 1989. However, they are certainly wines to be bought *en primeur*.

The problem which the wine

trade of Bordeaux faces is one of price. After the commercially successful 1995, widely bought at the upper levels in south-east Asia and the US, the first-growths began at FF230 a bottle but rapidly moved up.

At present, Latour '96 sells on the Bordeaux market at FF700 a bottle and the other first-growths cost not much less. Their '96s are mostly predicted to start at FF220 a bottle on a very small *franche* and then move a good deal higher. This may also apply to the leading second-growths and popular Pomerols. A few fancy prices have already come out for fashionable *châteaux*.

Eglise-Clinet which came out at FF80 in 1994 and FF120 in 1995 has sold at FF225 this year, and the Bordeaux trade has

already resold it at between FF300 and FF350 a bottle, higher than the initial prices of the first-growths. Total production this year was only 1,500 cases. Such *châteaux* with small output were particularly favoured, but it is very difficult for the lower ranks where prices may be higher by as much as 25 per cent.

The price problem is complicated by the almost complete lack of stock, except for a certain amount of '94s. Very favourable prices for the '95s and '96s encouraged the *châteaux* proprietors to sell them, as well as the less promising '91s, '92s and '93s.

A factor in delaying the opening prices is the fear of frost in what so far has been an early spring. Memories of the devastating frost of April 21 1981 have not dimmed.

The wines were tasted by appellation, starting with Médoc, continuing with the St-Émilion, Pomerol and Graves and finishing with the Sauternes.

Below is a list of wines that appealed to me, with a star against those that were particularly attractive: Haut-Médoc: "Beaumont, Cantemerle, Coufran, Malescasse, Moulin, "Chasse-Spleen, Matrac, Poujean, Lissac: "Fourcas-Dupré, Fourcas-Hosten.

Margaux: Brane-Cantenac, "d'Anglade, Dauzac, Giscours, Kirwan, Malescot Saint-Euphré, Monbrion, "Palmer, "Rausan-Ségla, Stran.

Léoville-Poyferré, Talbot.

Pauillac: "Grand-Puy-Lacoste, "Haut-Bataille, "Les Forts de Latour, "Lynch-Bages, Paillet de Latour, "Pichon Longueville Comtesse, "Pichon Longueville, Pontet-Canet.

Saint-Estèphe: Cos d'Estournel, Lafon-Rochet, Les Ormes de Péz, Phélan Ségur.

As indicated, the Saint-Émilion and Pomerol were less successful, lighter and less round, but not to be dismissed. Saint-Émilion: "Angélus, Baleslard La Tonnelle, Beau-séjour Bécot, Cap de Mourlin, "Figeac, "Grand-Mayne, "La-Dominique, La-Gaiffe, Larrieu, Larcis Ducasse, Laramande, "Pavie.

Pomerol: (The Pomerols were rounder than the Saint-Émilion), Beauregard, "L'Évangile, La Con-

seillante, Petit-Village, "Vieux Château-Certan. Red Graves: (The red Graves were on the right side), "La Mission Haut-Brion, "Carbonnieux, "De Fieuzal, "De France, "Haut-Bailly, La Louvière, "Pape Clément, "Smith Haut Lafitte, "Domaine De Chevalier. White Graves: (Some of these were typical but not very interesting wines), "Carbonnieux, "De France, "La Louvière, Olivier, "Pape Clément, "Smith Haut Lafitte, "Domaine De Chevalier. Sauternes: (This was a particularly good year for the Sauternes, probably the best since 1990). Bastor-Lamontagne, "De Malle, "Nairac, "Broustet, "Filiot, "D'Arche, "Daisy-Vachères, "De Myrat, "Sigalas-Rabaud, "Rieussec, "Guiraud, "Coudet-Soudant, De Rayne-Vigneau, "Gib-Haut-Peyraguey, "Lafaurie-Peyraguey, "La Tour Blanche. Chimens was not available for tasting but has a very high reputation. The first-growths were all adjudged excellent although I was unable to taste Pétros. Pres-



## FOOD AND DRINK

This month marks a significant change in the phrasing of the question I am most frequently asked. It is invariably, "Which is your favourite restaurant?" - but for the next few months it will be, "We have some friends from abroad coming to London next week. Where should we take them to eat?"

This is easier to answer these days because the capital's restaurants are so exciting. Anyone who has not visited London for some time will be surprised by the number of new premises. Even regular visitors have probably not had the chance to sample the latest openings: Nobu in the Metropolitan Hotel, Hyde Park (0171-447 4747), Gabriel in Mayfair (0171-438 2424), and Putney Bridge, in south-west London (0181-780 1811). Conran Restaurants will open The Bluebird next month and another three establishments before the year's end.

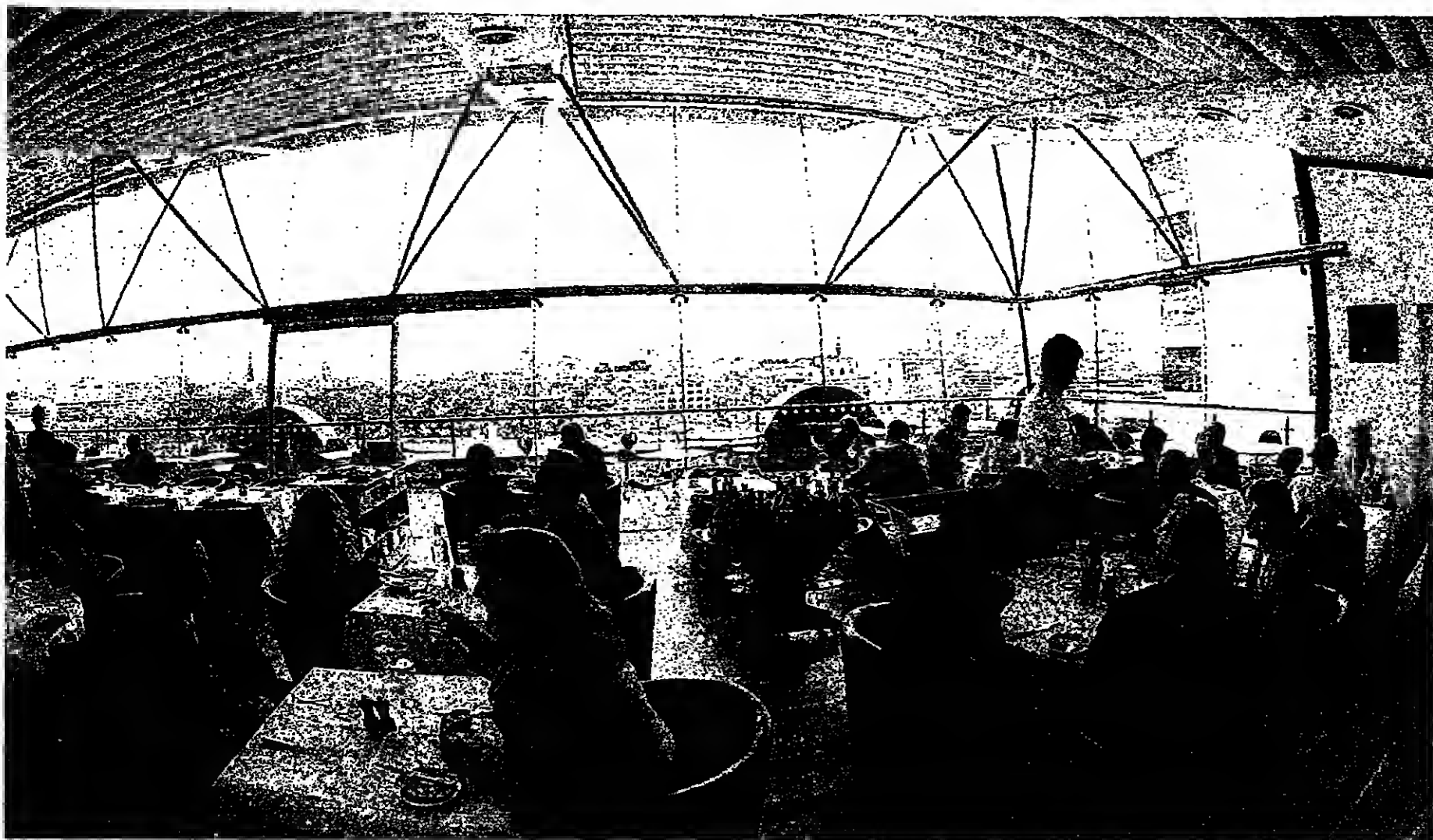
Eating out seems at last to have become a British national pastime. British chefs have come of age and are cooking with growing confidence. And a new chef seems to appear on UK television screens each week. In addition, last year, the weak pound brought in record overseas visitors, swelling the growing numbers of restaurant customers.

Nor is there a shortage of inexpensive capital or willing investors to back new ventures. The unsung hero of the London restaurant explosion has been the rising stock market. This has not only favoured the increasing number of quoted restaurant groups but also provided ample personal bonuses for City traders and dealers who have - perhaps for social more than financial reasons - invested their spare cash in restaurants financed via various Enterprise Investment Schemes.

The Avenue in St James's (0171-321 2111) raised £750,000 in this fashion. It seems likely that a proportion of the City bonuses paid last month will underwrite restaurants now on architects' drawing boards.

This financial underpinning is reinforced by two other factors. The first is that British restaurants are acting as a magnet for young French staff who, facing high unemployment at home, are increasingly seeking work as chefs, waiters or waitresses in the UK.

The second is that the good times allow British restaurateurs to view a Labour victory at the general election with equanimity. As one restaurateur of 23 years standing explained: "In the past I have found that as a



The Oxo tower: a great place for a sunset cocktail

## Capital Dining

## A visitor's guide to London

Nicholas Lander rejoices in the number of new restaurant openings and the rise of British chefs



For lovers of Indian food



For modern Italian food

Labour government squeezes corporate profits, a company's senior management decides to reward itself instead by eating out more frequently.

If there is an overriding caveat it is that in a period of rapid transformation there are disappointments. Invariably, I find a lack of professionalism in service. So to some personal

favourites. I would take visitors to both Sally Clarke's in W8 (0171-221 9225) and, almost directly opposite, Kensington Place (0171-727 3184), for Rowley Leigh's food. In terms of cooking for numbers, Stephen Carter is performing with growing authority at The People's Palace (0171-928 9999) which, situated in the Royal Festival Hall, throws in culture

and a river view for nothing. Nearby, there is the Oxo Tower (0171-603 3688) which, if still trying to find its culinary feet, offers the best location for a sunset cocktail. Further along, about 10 to 15 minutes' walk from the newly opened Globe Theatre and with fine views of Tower Bridge, is Le Pont de la Tour (0171-403 8403) and the revamped Blue Print Café

(0171-378 7031). Good British professionalism is exemplified in a growing list: Bibendum, Fulham Road, SW3 (0171-581 5817); Le Caprice, Arlington St, SW1 (0171-629 2339); The Ivy, West Street, WC2 (0171-836 4751); and, recently relocated in Mayfair, The Square, W1 (0171-495 7100). There is also Charles Fontaine's Quality Chop House

in Farringdon Road, EC1 (0171-437 5093) and Pergus Henderson's cooking at St John, St John St, EC1 (0171-251 0848), or Martin Lam's Ransome's Dock, Battersea SW11 (0171-223 1611), with its exemplary wine offerings.

British dexterity with French cuisine is best represented by Gordon Ramsay at Aubergine, Park Walk, SW10 (0171-352 3449), but allow six weeks when booking for dinner; Marco Pierre White, who serves the best value lunch at The Restaurant, Knightsbridge, SW1 (0171-259 5380) and Quo Vadis, Dean Street, W1 (0171-437 9585) but watch the wine prices; Marcus Wareing at L'Oranger, St James's St, SW1 (0171-839 3774); or Philip Britten at The Capital Hotel, Basil St, SW3 (0171-659 5171).

London's restaurants have, however, only blossomed by ignoring national

boundaries and the following have an eclectic allure: Live-bait, SE1 (0171-928 7211) and Jason's, W9 (0171-286 6752) for fish lovers; the Mandarin Kitchen, W3 (0171-727 9012), Imperial City, EC3 (0171-626 3437), and Fung Shing, W1 (0171-437 1539) for the most intriguing Chinese; Café O, SW3 (0171-584 5860) for modern Greek and Zafferano, SW1 (0171-235 5800), the River Café, W6 (0171-381 8824) and Al San Vincenzo, W2 (0171-262 9623) for modern Italian cooking.

Lovers of Indian food should head for Café Spice Namaste, E1 (0171-488 9242) Café Lazeez, SW7 (0171-581 9993) or Tamarind, W1 (0171-629 3561). Any discussion as to what constitutes Pacific Rim cooking will be best undertaken in The Sugar Club, W11 (0171-221 3844) or Mezzonine, W1 (0171-314 4000). Good eating.

Appetisers  
A cheap and decent red wine

The Co-op's wine of the month for April is a very respectable St Chinian, Syrah-based southern red Domaine de Borios 1995, reduced from £3.49 to £2.79. Any Co-op wine can be ordered from any branch of this co-operative rival to the supermarkets.

A red with more guts, and 13.5 per cent alcohol, is Victoria Wine's Muralmoote Toro at £3.75. The label belongs to a £2.99 wine but the plump flavours and deep colour suggest £3.99. The great grape of northern Spain, Tempranillo, has always ripened here, but now the winemaking has caught up to offer zest as well as belf.

Joncis Robinson

■ Irritatingly, I have just missed the visit of two top chefs, Pierre Orsi and Paul Bocuse, to The Connaught, in Mayfair, London, where they were cooking as visiting guest chefs in partnership with the hotel's *maitre chef des cuisines*, Michel Bourdin.

Happily, however, the season of visiting chefs continues with the arrival of Emile Jung and his *cuisine Alsacienne*, from La Crocodile in Strasbourg, next month (27-30) followed in June by Gerard Boyer and his *cuisine Champenoise* from Les Crayères in Reims (9-13).

In addition to the hotel's usual *carte* and *table d'hôte* menus, the restaurant and grill room will offer special menus at £65 a head (plus discretionary service but VAT included) created by each guest chef in partnership with Bourdin. Later in the year, Pierre and Michel Troisgros from Roanne, Larry Forgione from New York, Roger Vergé from Mougins and Joel Robuchon and Philip Braun from Paris will be cooking.

Tel: 0171-499 7070 or fax 485 3262.

Jill James

■ RD is Bollinger's vintage champagne kept on its lees and "recently disgorged", hence the name. As these old vintages are delicate, the company recommends that they be drunk soon after they are released. This was not always the case, and wine merchants often bung on to old stock long past its sell-by-date.

Bollinger has now decided to release the wines on allocation twice a year, encouraging fans to place their orders in advance. They are offering the 1985 (£196.27 plus VAT for a case of six), 1982 (£250.00), 1979 (£317.32) and 1975 (£433.97) vintages: a wonderful opportunity to review some of the best champagne made in the past two decades - the 1975 is a particular treat. Inquiries to Mentendoff 0171-415 3200, fax 3232.

Giles MacDonogh

■ Michael and Linda Fentum, new owners of the £1.85m Hunsford House Hotel in north Somerset, will be joined there by Michelin-starred chef Clive Dixon. The Fentums are planning to restore the Georgian property - already an attractive mansion set in 80 acres - into an internationally renowned country house hotel.

JJ

■ More hot news: at last a source of hot chilli sauces in the UK. Hot-Headz stocks more than 100 sauces and fiery foods and will send you its catalogue free. Contact Tecmaco International, Unit C5, Phoenix Trading Estate, London Road, Stratford, Glos GL5 2BX. Tel: 01453-731737 or fax 731747.

JJ

The Lebanese and Syrians are renowned for their hospitality. They will always finish a conversation when they first meet you with the words "Yodanis shaykono" (please honour us with your visit).

If you do visit they will not let you leave, however short your stay, without offering a cup of Turkish coffee or sweetened plain tea. Often they will also give you something to eat.

This marvellous hospitality is extended not only to friends and relatives but even to strangers, especially in the rural areas of Syria and Lebanon.

When I was in Syria recently, I frequently stopped at various villages, on my way to the wonderful historical sites, to watch the women bake bread or sort mounds of colourful vegetables for pickling or drying. Invariably I would be asked in for tea and, unless I was in a desperate hurry, I always accepted.

The women and children would take me into the nearest house. This usually consists of one large room where the family sits and eats during the day and sleeps at night.

The room is invariably sparsely furnished. The floors are covered with imitation Persian carpets and there are large cushions against the walls for everyone to sit on. The walls and doors are white-washed or painted in pretty pastel colours with brighter floral or geometric designs on the door frames.

Television takes pride of

place and they usually turn it on as soon as visitors enter. An older girl would be dispatched to make the tea while the others sat next to me asking questions. Where did I come from? What was I doing in their village? Was I married?

So the conversation went, with the girls giggling and the older women trying to be more serious. Every time my cup was empty they would refill it. I sat for half an hour or longer enjoying its strong sweet flavour and the charming company.

This hospitality is all the more welcome in remote areas where private homes offer the only opportunity to have any refreshment. Repeatedly I would be asked to stay for a meal and, if I refused, they would give me a few loaves of delicious, freshly baked bread to take away.

In one village my reception "committee" was more impressive. It was composed of the village elders. I was shown into a long dark room where they sat cross-legged in traditional robes. I was offered a choice of coffee, tea or tisane. The latter was made from their own local mixture of dried wild flowers. They had all three pots ready. Their coffee was the special Bedouin kind; thinner than Turkish coffee and



Taking some refreshment in Damascus

Robert Harding

bitter. It is served in tiny round cups and in minute quantities; hence its name, *shaffeh*, which means "one sip".

My visit there was made all the more exciting by the discovery of a Roman burial site in the village. They showed me several stunning objects, including two stone tomb doors. Perhaps they were hoping to sell me some of their antiquities but, however much I was tempted, I had no desire to find myself in a Syrian jail accused of smuggling.

Back in the cities, the only spontaneous welcome travellers can expect is from *sauk* merchants who will ply you

with tea or coffee in the hope of emptying your pockets. City dwellers, on the other hand, keep their hospitality for friends, neighbours and relatives and the common drink is Turkish coffee.

Both Lebanese and Syrians have a strong tradition of exchanging what they call "coffee visits". The guests will arrive bearing some food delicacy and the hosts will reciprocate by offering some special treat which she has prepared or bought specially for them.

But first the coffee has to be made. Until not so long ago most people roasted and ground their coffee immediately before making it. When

I was a child I remember my mother always passing me the tall, cylindrical, brass coffee grinder decorated with intricate geometric designs. As I ground the newly roasted coffee she put the water to boil in a long-handled brass or enamel conical pot called a *rubach*.

Not much has changed, except that most people now buy their coffee ready-roasted and ground from the corner shop and brass and enamel have mostly been replaced by stainless steel.

The guests are asked how they like their coffee: medium-sweet (*naassat*), bitter (*murr*) or sweet (*helo*). If they want different degrees

of sweetness the coffee is made in three separate stages. First it is cooked without sugar. When it is ready the required number of hiter cups are poured out before some sugar is added to make it medium-sweet; then more cups are poured out before the final amount of sugar is added to make the sweet coffee.

Those who do not drink coffee are not left out. They will be offered white coffee, which is something of a misnomer as it is made with orange blossom water (see the accompanying recipe).

White coffee is a delicate, fragrant drink which is very soothing and normally served after dinner.

One of the best parts of a coffee visit is the fortune-telling session at the end. After everyone has finished drinking their coffee somebody will ask if anyone knows how to read the cup.

If so, the empty cups are turned over the saucers for the coffee drops to trickle down the sides and the resulting patterns are interpreted according to the images made by the black liquid against the white porcelain.

A dark cup means that your heart is sad, a light one that your future is full of joy, two thin trickles of coffee with no drops in between means that you have a trouble-free time ahead, and so on.

While the cups are read food is passed around. If it is a morning visit there will be freshly baked *manaqesh* (thyme bread) or *k'nafeh* (a kind of cheese or clotted cream pie with sugar syrup) which is served hot with a sesame gazette. Both are typical Lebanese breakfasts. If the visit is in the afternoon, a selection of *baklava* will be offered. In the evening fresh fruit is usual. The delicacies

that the guests have brought will also be offered as it is considered ill-mannered not to share a gift of food.

## TURKISH COFFEE

(Serves four)

This recipe is for medium-sweet coffee. If you want it bitter, discard the sugar or double the quantities to make it sweet. You can also add one or two cardamom pods for a more Arah flavour. The cups used for Turkish coffee are demitasse.

4 coffee cups of water, 2 tps golden caster sugar, 4 tps of finely ground coffee, 1 or 2 cardamom pods (optional). Put the water in the *rubach* (or use a small pan with a spout) and bring to the boil. Add the coffee, sugar and cardamom pods if you are using them and bring back to the boil. Take off the fire as soon as the froth starts to rise. Wait until the froth settles then return to the fire. Repeat twice if you want the froth, or a few more times if you do not want it.

Pour into the coffee cups making sure you divide the froth, if there is any, equally between them. Serve immediately.

White Coffee: Pour boiling water into a coffee cup, add ½ teaspoon of orange blossom water or more to taste. Serve immediately with sugar on the side.

## FARR VINTNERS

No-one sells more fine wine in the UK.

We make it easy and profitable to sell your wine. Cash or banking terms offered.

Contact Jonathan Stephens Tel: 0171 927 2000 Fax: 0171 921 2020

## Seckford Wines

## WANTED

VINTAGE PORT, CLARET

& ROMANEE CONTI

CASH PAID

RICHARD HARVEY-JONES

Tel: 01473 636072 Fax: 01473 636064

## CLARETS

## VINTAGE PORTS WANTED

We will pay auction hammer prices.

Payment: IMMEDIATE.

Contact Patrick Wilkinson

## WILKINSON VINTNERS LTD

Fine Wine Merchants,

Tel: 0171 272 1982 Fax 0171 263 2643



## PROPERTY

# A window on the countryside is opened

Anne Spackman says rising values make this the ideal time for those planning a move out of town

**T**his spring there is more than just unseasonably good weather to make house buyers think of leaving London for the country. The past three months have seen a large gap opening between house prices in London and those in all but the top commuter locations of the south of England. For families who plan to move out, this is an excellent opportunity.

The London areas which have seen the largest price rises this year happen to be those that attract people with country leanings. The families who dream of Hampshire, Wiltshire and Sussex tend to start their property lives in the stretch from Fulham to Battersea, Clapham and Wandsworth, where an excess of buyers has pushed prices up by at least 10 per cent and sometimes 30 per cent in the past 12 months.

Savills in Wandsworth – the former George Stead business – has seen the value of four-bedroom terraces in roads such as Cicada Road rise from £160,000 in 1994, to £215,000 last year, to around £280,000 now. Few believe prices will continue to rise like this. Heather Pontefex of Savills is one of many agents who says a little of the heat is coming out of the market as more properties come on to their lists and the general election approaches.

Guy Foster of Friend & Falcke in Clapham says 50 per cent of his clients are selling up to move to the country: "People want to cash in their two or three-bedroom house or flat and get out of London while the going is good."

One man who has done just that is Brian Bishop. A year ago his terraced house near Clapham Common was worth about £235,000. Last month he sold it in days for nearly £290,000 through John D. Wood, with two back-up buyers.

He has moved to a six-bedroom, four reception room Georgian house in two acres in Taunton in Somerset, which cost him a little more than £290,000. The extra equity has gone into setting up his new business, an office for Jackson-Stops and Staff in Taunton.

As a buyer in Somerset, he

**Values in some areas have risen from £160,000 in 1994, to around £280,000 now**

felt some of the same pressures as his own buyers in London. "In the country, prices have not risen so much, but anything good goes very fast," he says. "We were almost gapped at the last minute."

The same story is told elsewhere. There are many counties where homes look good value for money but Londoners will often find they are competing with others in a similar position for good family houses.

East Anglia is a good example. Norfolk only began to see an improvement in its market this year. But the

properties that had been lingering on agents' books have already been sold and there are queues for any new ones.

Mark Stewart of Bidwells said the Norfolk market completely changed in February, as local buyers started trading up. London buyers returned to the market and wealthy second-home hunters reappeared after an absence of seven years.

"I had 40 people look round an old rectory in the village of Brandon Parva last year," he recalls. "They all said it was too secluded or too near pylons. This year it sold for above its guide price of £350,000."

Prices for Norfolk country houses are up 10 per cent from a year ago, but they still look good value. Good family houses can still be found for between £200,000 and £300,000 – the price of a terraced house in many London suburbs. Other counties which offer similar value include Kent and East Sussex, with the lowest prices being found in the least commuter-friendly areas.

Simon and Oonagh Keith are looking for a four-bedroom house in a rural location in that area. They are selling a "3½-bedroom" Victorian terraced cottage in Battersea.

"We had the house valued last autumn and it was worth around £165,000," says Oonagh Keith. "The houses we could afford in the country were very disappointing. Then a friend in a road close to us made a phenomenal amount on his house this year. We had ours revalued and the average figure was just over £200,000. It meant we could look at houses which were beyond our



Simon and Oonagh Keith: house revalued at £200,000 meant they could look at properties previously beyond their reach

reach before."

The Keiths originally put their house on at the highest valuation of £215,000, through Winkworth. They are now reducing their price, having had no offers despite dozens of viewings.

With their own house not sold, they realise they may have to take out a bridging loan to secure the kind of house they want. "It's very difficult," said Keith Simon. "You feel you should be taking days off work. If a set of details arrives on a Monday, by the weekend it's often gone."

Conrad Payne of Cluttons in Canterbury says the impact of London price rises has been mirrored in top

commuter areas such as Sevenoaks in Kent. As a result, buyers have started hunting further east for better value. Since November, prices for good houses have risen by between 5 and 10 per cent, but you can still get a farmhouse in five acres near Canterbury for about £250,000.

Another couple who had always planned to leave London, but were spurred on by price rises this year are Sebastian and Emma Hobbs. The value of their one-bedroom flat in Fulham had gone up by 15 per cent. They sold it last week, having turned down gazumpers offering £4,000 more, to buy a Victorian cottage in the Hertfordshire village of Sar-

ratt. "Some friends of ours in a similar position have decided to wait until the summer to move," says Sebastian. "In my view, the market is at its peak at the moment. We think this is the time to go."

Here are some of the houses available to buyers with £170,000 to £370,000 to spend in the country: □ Coomb Farm, East Braintree, near Ashford, Kent. Traditional Kentish house with four bedrooms in five acres; £250,000 from Cluttons (01622-756000). □ Cornhill Farm, near Charing, Kent. Four-bedroom period house with studio,

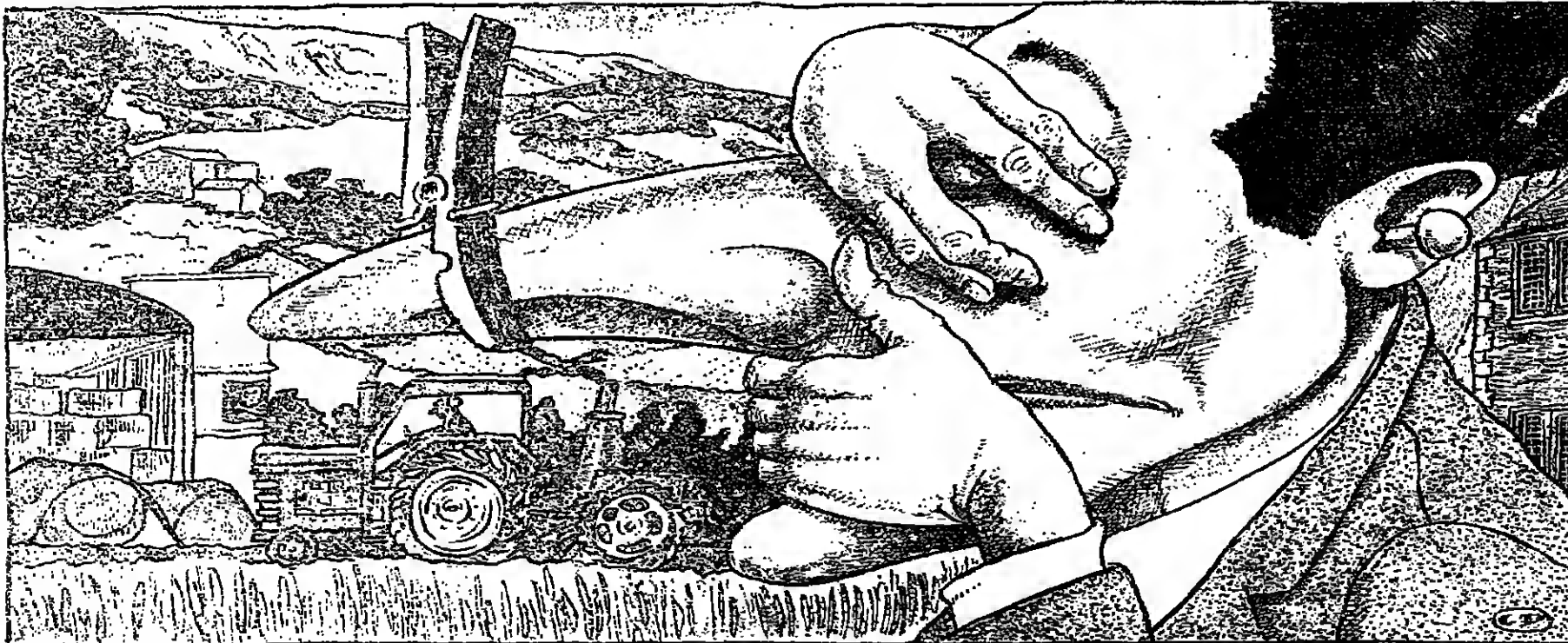
gardens, barn and paddocks; £265,000 from Cluttons.

□ Tongs House, Pett Level, East Sussex. A part weather-boarded, thatched, cliff-top house with four bedrooms, four bathrooms and three reception rooms; £265,000 from Knight Frank in Tunbridge Wells (01892-515035).

□ Homestall Oast, Sedlescombe, East Sussex. Three reception rooms, four bedrooms, two bathrooms, excellent gardens and field; £285,000 from Knight Frank. □ Church Farm, Shropham, Norfolk. Grade II listed farmhouse with four bedrooms and five reception rooms in five acres; £245,000 from Savills in Norwich (01603-612111). □ Church Farmhouse, Riddling-

ton, three miles from Norfolk coast. Six bedrooms, three receptions in hall-annex; £185,000 from Savills. □ The Limes, Tinwell, Rutland. Grade II listed Georgian village house with five bedrooms, detached cottage and walled gardens; £385,000 from Savills in Stamford (01750-662222).

□ Clist Hydon, Devon. Grade II listed period farmhouse with four bedrooms, Aga kitchen and four reception rooms in four acres on the edge of a village 11 miles from Exeter; £330,000 from Knight Frank (01892-431111). □ Step Aside, a five-bedroom house overlooking the sea at Budleigh Salterton, £325,000 from Knight Frank.



## So much can spoil that rural idyll

Seasonal changes in the country can turn a dream home into a nightmare, warns Sally Smith

**T**he warm, pink Suffolk farmhouse drowns in its sunlit garden just outside the gate is a plain slab of concrete, not particularly attractive but innocuous enough, eager to view the house you probably never even registered it as you turned in from the road.

The slab is in fact a beet pad – a hard standing upon which sugar beet is stored. Early – very early – each day throughout the autumn and winter months, huge loads of muddy beet will be rattled over a mechanical grid and tipped into the back of a truck to be transported to the factory.

This will happen at least once a day from October to January, six days a week. Should you go ahead and buy that charming house, your mornings will echo to the sound of the riddle, the forklift, grumbling diesel engines – farmers or farm-workers rarely switch off an engine once it has started – and above them all, the hawl of merry rustic discourse.

Fecund cockerels do not have the monopoly on morning disturbance in the countryside.

If you too are an early riser, and in any case like to

feel truly a part of the real agricultural scene then this is the house for you.

But if you require a more tranquil approach to country life, the seller closely on that sugar beet pad. It could be redundant and unlikely ever to be used again. On the other hand...

All over Britain farmers are keen to acquire more land. There is nothing new in this, but in the past few years, as agricultural incomes have risen and farmers have come to appreciate the benefits of economy of scale, they have been even keener on acquisitions.

They only really want land, but frequently, in order to get it, they have to buy an entire farm with a house for which they have no use. In other instances farmers have sold land to their neighbours and are now looking for a buyer for the rest of their property. Each case results in charming period houses and cottages becoming available to non-farming occupiers.

And this is where the innocent purchaser, delighted at finding a pastoral home, needs to be particularly careful. For these dwellings are very much closer to farming activities

than most country homes are, and the countryside around them can be one enormous open air factory.

House-buyers in towns are advised to visit the prospective purchase on several occasions at different times of the day and week to ensure that the location has no drawbacks such as a

rush-hour rat-run.

The same advice goes for those planning to buy in the country. The difficulty is greater, however, as agriculture is seasonal and viewing at one time of the year does not always prepare the buyer for what might happen a few months on.

In early June, for instance, you may see wagons of sweet grass being brought into the adjacent farmyard and deposited into a large, three-sided structure. A little later this grass will have been covered with black plastic and perhaps ranks of tyres. This is a silage clamp. Come October the tyres will be moved, the plastic sheet pulled back and a dense, acid aroma will sweep across the entire district. Most silage is exceedingly well made, its makers will tell you it is very sweet and cattle will rush to chomp it down with enthusiasm. But it will smell abominable.

Then there is that vast set of buildings in the yard beyond the garden wall. Screened to some extent by a thick hedge, in March when you tour the property, they are a blot on the landscape, but the principal rooms face the other way, and, locked and secure, the buildings seem to be pretty much unused. This is a grain store.

In July the wagons will begin to roll; large wagons bearing grain that has to be unloaded, elevated into the store and then dried. In a wet season the grain dryer will be operating 24 hours a day. The yard and your garden, your house and your washing will be covered with dust and chaff.

Through the subsequent months, lorries will appear at regular intervals to load and take the grain away. And when it rains, the dust on the terrace, if you have not meticulously swept it away, will turn to a sour slurry.

Ah slurry... You view a property and there is no beet pad, no large buildings, no silage clamp – you have checked. Indeed you have been assured that all the livestock is housed at the home farmstead far across the fields where grain drying and all such operations are performed.

You purchase. One morning a tractor appears in the field outside your window. It is pulling a large tanker. You watch with interest as the driver lines the vehicles up. From the back of a tanker a dark curtain of something brown and viscous descends.

This will smell awful. It comes from cows, pigs, and sometimes from the sewage farm. Then it is called biosolid. New restrictions prevent it being dumped at sea any more but it can be spread on cropping land.

It is wonderful stuff for the soil, especially for light, insubstantial soil – it pro-

vides body and nutrients. Its aroma is distinctive.

And there are yet more hazards to consider – the gas-gun designed to deter pigeons from peas and beans with a hefty blast at regular intervals; the outdoor pigs whose new site is your side of the hill; or the milking herd which twice daily winds its way past your door and back, donating fresh manure with each passing.

Farming does not end with production, either. Leisure diversification earns an extra crust. If in that pretty little wood where you plan to picnic, you see the top of a wooden tower above the tree-tops, you might inquire as to its purpose. Its likely use is the release of clay pigeons for shooting – usually on Sunday mornings.

Those odd looking wide tracks nearby will be for the art of motor-cross – and it is well worth checking in which fields the district's car boot sales and caravan club rallies take place.

And a final warning: should you see seagulls circling, do not assume that they are following the plough as it turns the glossy brown earth. Seagulls are very partial to landfill rubbish sites.

## Mansions only, please

Gerald Cadogan on a change in country planning policy

**I**f you cannot find a country house to buy, do not despair. You could build one instead. Provided "it is truly outstanding in terms of its architecture and landscape design", an "isolated new house in the countryside" may now qualify for planning permission.

"This means that each generation would have the opportunity to add to the tradition of the Country House which has done so much to enhance the English countryside."

This intriguing change of government policy occurs in the DoE's new Planning Policy Guidance note on *The Countryside – Environmental Quality and Economic and Social Development*. PPG7 (as it will be known) lays out the guidelines on rural planning for the coming years, replacing a similar PPG of 1992.

Only a few weeks old, it is essential reading for local councillors and anybody with business in the country, to understand how planning officers will now approach cases and the issues behind them.

The tough guidelines encourage planners to test whether farm-related development proposals are truly agricultural, in which case they can qualify for planning concessions as "permitted development".

The focus in PPG7 is no longer simply saving the countryside and its life and practices, but is now to ensure that they can keep going through sustainable development. This includes cutting the dependency on cars by encouraging local shops and businesses, doubling the amount of woodland, and building new homes on re-used sites rather than gobbling up virgin green fields.

It will be hard for developers, to obtain consent for building in open country – except for that top-quality mansion – and planners will steer development away from the best farm-

land. Once good land is developed, "even for such 'soft' uses as golf courses", says PPG7, it is hard to return it to best agricultural use. It is also chary of turf stripping with its long-term threat to the top-soil and farming potential.

Good design is vital, says PPG7. New buildings must reflect both "local identity and regional diversity" and there is a sharp tilt against converting barns for housing, especially when they are away from the village. A call for "traditional street patterns" is welcome if it means the end of curved "hammer-head" schemes (that let developers slot in more new homes with street-frontage than the space can manage) and a return to the uncompromising linear system of village streets.

Farm shops can be set up

**Farm shops can be set up and farmyard smells are banished**

under the permitted development procedure if they sell mostly unprocessed goods produced on the farm. When coming to a decision the planners must consider the usefulness of the service and employment, and set against that the potential impact on nearby village shops and traffic.

And farmyard smells are banished. To qualify for the permitted development concession, accommodation for livestock and associated buildings, such as slurry tanks and lagoons, must be at least 400 metres from the end of the garden of any neighbouring house, school, hospital or office. Any closer and they need planning permission.



## PROPERTY

It has been almost impossible in recent months to buy a large country house on the public market, however much money is sitting in the bank. Buyers snap up the few fine properties for sale even before the advertisements appear, while a hidden market prospers in properties that never reach public sale at all.

The greater south-east of England, including the M4 and M40 corridors, is the most difficult area to buy in as people vie for places within 90 minutes' drive from London. It took Humberts just a few telephone calls last month to sell two houses at between £750,000 and £1m, before the particulars had been prepared, and late last year West Ashling House near Chichester went for £1.2m before the advertisement appeared.

Buyers and sellers like the confidentiality that comes with the hidden market. The seller also saves on the brochure and marketing costs, but should not expect to pay a smaller commission, warns Ian McConnell of Savills.

Buyers should make clear when registering with agents that they are ready and financially able to move fast. An alternative is to use a buying agent who often hears about properties long before they are due to go public. Whether the purchase is public or private, keep in mind that any competition can push the sale price 20 per cent to 25 per cent above the selling agent's guide.

On the public market, the Pussey estate in south-west Oxfordshire has been on offer since January from Knight Frank or Strutt & Parker at more than £8.6m. A prime estate in M4 country, Pussey has a handsome Georgian 12-bedroom house, superb gardens, lake and swimming pools, 1.585 acres, a farmhouse and 14 cottages. Also still available, from Brown or Savills, is Great Hurdridge Manor, a smart 17th century grade II\* brick house, stabling and cottages, and 635 acres, in the Chilterns in Buckinghamshire. Being so easy to reach London (30 miles) by train or the M40, or Heathrow, must have some influence on the guide price of £3.25m.

New on the market is the 1,100-acre Baydon House



Glan Mawddach near Barmouth is available for £410,000 plus



Chandos Lodge is a Georgian house with 4 acres



Zeals House at Mere, Wiltshire, is offered at £1.05m



Great Hurdridge Manor is a 17th century grade II\* brick house

## Hunting in the hidden market

Properties are selling before being advertised, says Gerald Cadogan

estate on the edge of the Marlborough Downs, and the borders of Berkshire and Wiltshire. The land is mostly arable, with a pheasant and partridge shoot, and two farmhouses and five cottages. The house is Georgian and has six bedrooms. The price from Savills for the property, less than an hour from London by the M4, is £5m.

Knight Frank is looking for offers over £1m for Ebberly House, 30 miles from Exeter, designed in 1816 by Thomas Lee, a pupil of Sir John Soane. The house has 250 acres and seven cottages.

At £1.05m from Knight Frank and Michael de Pelet, Zeals at Mere, Wiltshire, has less land (58 acres) than

Ebberly and just two cottages, but is much nearer London by the fast A303. This grade I stone house dates back to late medieval times. And at £1m, Humberts offers the 1608 brick Bloxworth House near Blandford in Dorset, built on an E-shaped plan, and also grade I, with 7.5 acres of park and gardens.

A step down on the price ladder at £725,000 (through Bidwells) is Floriston Hall at Wixoe in Suffolk, an attractive house, mostly of around 1800, with 20 acres, a cottage and a walled herb garden. It is ideal for Stansted, Cambridge and Newmarket. And in deepest East Anglia at Eye (about halfway between Ipswich and Norwich), Chandos Lodge is a Georgian

Gothic house with 4 acres, indoor pool and conservatory with a vine - offers over £475,000. The agents are Bidwells and Hamptons.

For the best value go to the coast of mid-Wales. Glan Mawddach near Barmouth is a Regency house in a spectacular setting on the Mawddach estuary with views to Snowdonia, and masses of rooms and outbuildings. Its glory is a superb garden of 15 acres with topiary, an Italian terrace, water garden, woodland walks and walled garden. Offers are over £410,000 to Jackson-Stops.

An alternative is to rent a country house. It saves capital and gives the tenants time to see if they like the area and find the house they really want. Timewell House

at Morebath in Devon, a classic Georgian house with 11 acres, stabling, heated pool and tennis court, on the edge of the Exmoor National Park and near the M5, is available from September for three years for £1,500 a month (through KF in Exeter).

**Bidwells, Bury St Edmunds** (01284-767338); **Brown & Co, Bury St Edmunds** (01284-725715); **Hamptons, London** (0171-493 8222); **Humberts, Blandford** (01259-452343); **Jackson-Stops, Chester** (01244-326361); **Knight Frank, Exeter** (01392-423111) and **London** (0171-629 8171); **Michael de Pelet, Sherborne** (01935-512236); **Savills, London** (0171-499 8644); **Strutt & Parker, London** (0171-629 7282).

## The A, B, C of buying

Anne Spackman reveals how you get on to an estate agent's preferred client list

Every estate agent has an A-list of buyers. These are the people they ring the moment they hear of a suitable property for sale, often before details have been printed, sometimes before they have even got the instruction to sell.

In the present market, particularly in London, where far too many buyers are chasing far too few properties, how do you get on to that list?

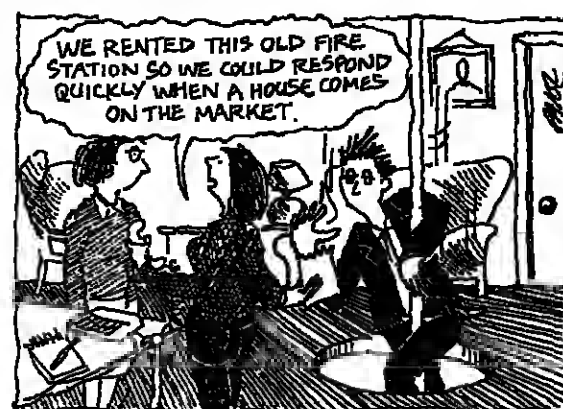
There are two very different routes, depending on the sector of the market you are in. The higher up the price range, the more important it is to be a cash buyer, have a mortgage approved, good solicitors in place and a readiness to move fast.

David Forbes of central London agents, Chesterfield, has six red-hot buyers on his A-list, 12 on his B and 20 registered as C - and that is at the £3m mark. He says: "My good buyers are those who trust me, are focused on what they are looking for, are cash buyers, are prepared to retain me - in other words, pay me a fee for finding them the right thing - have a very good solicitor and can act immediately within 24 hours if necessary. They return my calls quickly and will come and see something as soon as they possibly can."

Further down the market, some agents are openly saying they will give preferential treatment to people who have a property to sell and are willing to sell through them.

The Woolwich Building Society has created a Homefinders Service in south London, whereby buyers who sell through them will get first crack at the properties for sale.

Philip Agius, who runs Woolwich offices in Batter-



sea and Clapham, says: "It's not just that we will ring them first with any new instructions. If they give us a profile of what they want, we will actively look on their behalf."

A more philanthropic method of attracting sellers is being used by an agent in north Oxford. Buckell & Ballard, part of the Black Horse chain, are offering to donate 5 per cent of their selling fee to a local school of the vendor's choice. On a £250,000 house, that would amount to £250.

Francis Winstone-Partridge, who introduced the scheme, said: "The market in this area is driven predominantly by education. I have five children myself and I'm a great believer in local schools. This idea appeals for personal as well as professional reasons."

The key points for all buyers to remember are:

□ In London and popular parts of the country this is a sellers' market. Prices have risen by as much as 40 per cent in the past 12 months in some parts of London. If you have offered and lost on a few houses it is because you are offering too low. Lindsey Cuthill of Savills in Fulham says: "A hot applicant will have an indication of prices in certain roads, know what they

are looking for, but still be flexible enough to consider a property other than their 'dream home'." □ You must be able to act quickly. This means having the money or the mortgage to do a deal, regardless of whether or not you have sold your own house. David Forbes of the central London agents, Chesterfield, says: "In this market, he who performs fastest wins." □ Be available to view fast and often. People who can only make awkward times make themselves unpopular with agents and vendors. One Saturday in three spent viewing keeps you on the B list.

□ Call or call in to the estate agents very regularly. Establish a rapport with those who are strongest in your market. Howard Elston of Strutt and Parker in Sloane Street says: "Find an agent with their finger on the pulse and keep in touch with them. Someone who rings up or comes in regularly will get the best service."

□ Be gapped. James Bailey of Douglas & Gordon in Fulham says: "People who have been gapped recently are usually on the A list. They're hungry to buy and everything is sorted. All they need is the property."

## COUNTRY PROPERTY

### CLUTTONS

#### SOMERSET, MEARE

3 miles Glastonbury, 9 miles Wells.



Detached Grade II Listed medieval house with planning permission for use as a residential education centre.

Set on the edge of the village this charming, versatile property has potential for a variety of uses. 3 reception rooms, kitchen, 11 bedrooms (all with wash basins), bathroom, 3 shower rooms, 3 cloakrooms, study/gallery, office, art studio, room. Mature gardens and grounds of over 1 acre with river frontage.

Price Guide £255,000

9 Sadler Street, Wells, Somerset BA5 2RR  
Tel: 01749 678012 Fax: 01749 676004

### NR WANTAGE

450 yrs old, all mod cons.

4 bedrooms, det dble garage, large studio, sh. fac garden

£265,000

Tel: 0181 741 8729

01235 751 620

### SAVILLS

#### NORTHAMPTONSHIRE

FINESHADE

Magnificent 9.19 ha (22.73 acre) site will full planning permission for a 7,350 sq ft Jacobean style mansion

250 year old Oak Park Lake.

Superb Outbuildings.

Victorian Walled Garden

Guide Price £235,000

Stanford 01789 766222

IRISH COUNTRY HOMES Personal nationwide home search service Tel: 00-353-1-4285581, Fax: -350

### EWART HUNTLEY

A personal buying service specialising in Country Houses serving the Cotswolds and surrounding counties.

STEPHEN PERKS 01451 850601 or 0171 584 4660

We also offer a Country Lettings Service.

01451 850793

### THE EXPERIENCED VIEW

#### SUFFOLK

Mr Bury St Edmunds

Newly restored, fully furnished coach house in park. Garden maintained: five trees, crinkle crinkle lawn, 1 bed, 3 bath, 2 ensuite, kitchen, 3 reop, conservatory, garage. Use of pool.

Price negotiable.

Tel: 01359 270370

### DREWERY & WHEELDON

12-13 TRINITY STREET GAINSBOROUGH

LINCOLNSHIRE DN1 1UD

TELEPHONE: 01422 616118

FACSIMILE: 01422 181070

### LINCOLNSHIRE

MOOR HOUSE FARM, LEA, NEAR GAINSBOROUGH

A 219 Acre Farm with Early Victorian Residence, Outbuildings & Redevelopment Potential

OUTLINE PLANNING CONSENTS INCLUDE:

→ 18 HOLE GOLF COURSE

→ CLUBHOUSE

→ 43 DETACHED FAIRWAY HOUSES OF HIGH QUALITY

→ LICENSED PREMISES / HOTEL

→ ELDERLY CARE UNIT / NURSING HOME / RETIREMENT BUNGALOWS

FOR SALE BY AUCTION ON WEDNESDAY 14TH MAY 1997

Please contact the Auctioneers for further details and Catalogue

CHARTERED SURVEYORS, AUCTIONEERS, VALUERS, LAND & ESTATE AGENTS

## LONDON PROPERTY

### AYLESFORD

ON INSTRUCTIONS OF TRUSTEES

PRIME RESIDENTIAL

INVESTMENT OPPORTUNITY

SHEPHERD TERRACE, KENSINGTON, LONDON W8

A substantial (C. 7342 square feet) house designed by Alfred Waterhouse and built in 1876. The property was converted in 1990 into three flats which are currently occupied on company less, the last of which expires on 11.11.97. The estimated rental value if let is £3,300 per week (£171,600 per annum).

LEASEHOLD PRICE £2,500,000 etc

FOR FURTHER DETAILS PLEASE CONTACT BRENDAN ROBERTS OF SUZIE FRANKSON

Tel: +44 171 351 2383

Fax: +44 171 351 3740

### W'S CRAWFORD PASSAGE

Clerkenwell

EC1

8 New 2 Bedroom Warehouse Apartments

£190,000 - £250,000

0171 250 1012

MURFORD SALVI CARR

### CHESTERTONS

LONDON, W1

An ideal 4 bedroom central London family maisonette (2,800 square feet/261 metres) for business investment banker who would appreciate an adjoining garage, private terrace and patio. Rapid access to Heathrow (15 minutes) on new Heathrow link and the City. L/H

£750,000

Hyde Park: 0171 262 5060

Chestertons Residential

JSA Savills 0171 431 4844

### Manors & Co.

LETTINGS - MANAGEMENT - SALES

Manchester Street, W1

Three bedroom duplex maisonette situated in this sought after road moments from Baker Street. Allowing for bright and spacious accommodation, own entrance, fully fitted kitchen and private garage.

£360,000 Leasehold 87 years

0171 496 5655

JSA Chestertons Residential

0171 262 5060

### FERADA ASSOCIATES LIMITED

Selected quality flats & houses of all sizes to rent in Central London.

Two week to two years. We serve you best.

Tel: 0171 499 7822

Fax: 0171 493 5415

BUYING RESIDENTIAL PROPERTY to let produces high returns. Capital required from only £20,000. SENATE INTERNATIONAL provide a complete package service for: LONDON Tel: 0171 408 2444 EDINBURGH Tel: 0131 226 3838 CAMBRIDGE Tel: 01223 300012 OXFORD Tel: 01865 559002

LONDON W1 Near to Sotheby's, studio £100 pw. Serviced. Single person only Tel: 0171 525 4797

## FOR SALE

Exceptional luxury villa in Grasse (Côte d'Azur / Alpes-Mar.) set in 5.68 acres (23,000 sqm) of unique grounds with unobstructable view of Grasse and the Med. Sea. The main residence and annexes comprise 600 sqm accommodation of highest standard, built in the style of a traditional French "Mas".

The property is available for occupation approx. as of Sept. 1997. Interested parties should contact

Dirk W. Kolvenbach, Esq.  
of the law firm

Heuking Kühn Lüer Kunz Wojtek  
Elisabethstr. 16, D-40217 Düsseldorf

Tel. +49-(0)211-3895-146, Fax: +49-(0)211-3895-111

### VIENNA 18

Superb Villa in prime position

Andrea Palladio Style

Garden 2200 m<sup>2</sup>

USD 4.2M

Contact: Mr K. J. Newman, Knightbridge 1st Fl, 1100 Wines, Phone: 0843-1-175246

### Gretna

For all your property requirements, call or fax for our free property guide.

Tel: 01481 714445

Fax: 01481 713911

SHIELDS & CO

ESTATE AGENTS

1 The Albany, South Rye, East Sussex, TN31 7JL, 01323 812748

### DORDOGNE - 300 yr old farmhouse in 40 acres

Large farm & swimming pool. Beautifully restored, 1800m<sup>2</sup>, pretty walled garden, large kitchen/dining room. £15,000 p.a. established income. Price: 1,500,000 FF. Tel: 01222 521348

### SOTOGRADE MARINA - Penthouse

apart 3 beds, 3 baths. Lounge/dining, patio, fully fitted kitchen, air conditioning. Garage. £180,000 Tel: 01624 812748

### 6 BEDROOMS NR LE TONQUET - traditional COUNTRY HOUSE

plus out houses, 1800m<sup>2</sup>, pretty walled garden in small hamlet, £164,000. Tel: (0035) 1-48225325

### FRENCH PROPERTY NEWS Monthly

old, new & site properties, legal notices etc. Ask for your FREE copy now. Tel: 081 947 1034

### SWITZERLAND

Lake Geneva Region, Montreux, Villars, Gruyère, Valais

Luxurious Apartments & Chalets direct from builder. Company domiciliation, and Swiss residency advice.

LENNARDS PROPERTIES INTERNATIONAL

Tel Swiss: Int 41 21 989 20 20 Fax: 41 21 964 70 44

Tel UK: Int 44 (0) 181 906 0515

### French Riviera

VENCE

Seaview

A 2 bedroom new villa apartment, within a private Domaine, large terrace (120 sqm), and a magnificent sea view within walking distance from the charming village of Vence. (15 min from Nice Int'l Airport). The villa apartment has 2 large bedrooms with en suite bathrooms, living, kitchen, all together 160 sqm living, swimming pool, shared with the co-owners in this domain, high security and quality.

An exclusive property for those who demand the highest in quality. Price: On request - reasonable offers invited.

Contact: ABC International. Tel: 00 33 4932 47039

Fax: 00 33 4932 47539

### AFRICA

Elephants and the big cats can walk on your property! Participate in their conservation by buying a share of this Game Reserve in Botswana. Luxury Lodge, airfield, 4x4 vehicles and much more.

Professionally run for owners and their guests.

Price: \$360,000.

Contact Andre Lombard: Tel: +27 11 326 1010 Fax: +27 11 787 0627

### VILAMOURA

Magnificent villa - 6 bedrooms and 5 bathrooms. Overlooking Pinhal golf course/close to marina. Landscaped gardens. Lg modern kitchen, L-shaped lounge, dbl garage - many extras.

Top quality furnishings, fully furnished.

PIN - finance possible.

£350,000

Tel: 0635 189 321297

### COSTA DEL SOL PROPERTIES

Marbella Offices. For information & Price list req 0161 903 3781 anytime. Fax: 3559

### VILLARS - SWITZERLAND

is an internationally known winter-sports-resort, close to the centre, we offer in a typical chalet.

1- and 2-bedroom-apartments and one exceptional duplex-roof-apartment of 105m<sup>2</sup> + 2 balconies.



## PROPERTY

## On the Move Developer turns landlord

Anne Spackman on a pioneer move in the rentals sector

**R**egalian has taken the pioneering step of becoming a developer landlord. The company plans to keep 10 per cent of the new properties it builds in central London as rental investments.

Is this a good move at a time when the rental market appears to be shrinking?

David Goldstone, Regalian's chairman, says he believes there will always be a strong demand for good rental homes in the centre of London, regardless of what is happening in the sales market.

"I'm sure domestic buyers are every bit as likely to purchase their own home as they have been in the past," he says. "It is part of our culture."

"But foreign executives have previously been obliged to buy because it was so difficult to find somewhere suitable to rent."

"In an international city such as London there is room for both."

In Germany, where around 40 per cent of the population rent their homes, developers are normally landlords as well as builders.

The latest move by Regalian is likely to be another step towards the increasing professionalism of what was traditionally a Cinderella business in the UK.

Goldstone hopes his move, just before the general election, will be seen as a gesture of long-term confidence

### Top of the market goes quiet

The election is starting to have an impact on the property market, with some sellers saying they want to wait until after May 1 before putting their house up for sale.

The very top of the market, over £2m, is reported to be quieter this year than last. Willie Gething of the buying agency, Property Vision, says this is partly caused by nervousness about Labour's tax plans, but equally by serious over-pricing by a number of sellers.

### A Georgian rental alternative

For those who would rather not commit themselves to an expensive house, Knight Frank has an excellent rental alternative. It is offering Timewell House, a fine Grade II listed Georgian property on the edge of Exmoor, on a three-year tenancy at £1,500 a month.

It has a classic Georgian facade and extensive accommodation, including four reception rooms, seven bedrooms, a guest wing and staff flat. Outside it has a stable yard, swimming pool and tennis court. It is available through Knight Frank in Exeter (01392-423111).

**W**hen I go off to look for wild flowers, it seems that little wretches go into hiding. All month, it has been an idyllic season in England, unless you happen to be in charge of a reservoir. The narcissi have opened their early and late varieties together and the bedgerows are alive with celandines and anemones. Fleeing paradise, I have been in western Cyprus, hoping to see such a carpet of flowers as my garden never reveals for a normal Easter.

Cyprus is riddled with ancient myths about its flora and on the latest modern count has 128 types of plant which are known nowhere else. Perhaps it does, but they were not waiting with open petals for me.

Out-of-the-way hunting uncovered three types of orchid in occasional groups, growing on the hard limestone hills of the wild Akamas mountains in the western area of the island. The giant, frost-tender Fennel was spectacular along the roadside; the almonds were almost over and there was not a hint of the anemones into which Aphrodite, queen of the island, is said to have seen her mortal lover, Adonis, transformed.

The nights were freezing and the days were cold and wet. Two years ago, a huge forest fire devastated the northern slopes of the Kyrenia mountains in the Turkish-occupied zone and scorched large swathes of the flora and several of the endemic varieties. But my modest harvest owes more to an uncertain season than a fire.

I have never been greatly blessed abroad at ground level, except on the Greek island of Chios where even the partially sighted cannot fail to be overwhelmed in early April. At the other levels, I still fancy my chances. The Cypriot flora has been in hiding, but I had a second objective, a meeting with a most remarkable tree.

In the 1890s, the German archaeologist Max Ohnefalsch Richter published *Cyprus, The Bible and Homer*, his account of Cyprus's local religions.

The great Ohnefalsch Richter's programme was evolutionary. He believed



Wild flower spectacle: Fennel was to be found by the road on Cyprus

Garden Picture Library

### Gardening

## Modern worship ends a tree cult

The flora are hiding in Cyprus, but Robin Lane Fox is not deterred

that the religions of human history had progressed in stages, from the worship of trees to objects, icons and so to Christianity. On Cyprus, he believed, his travels had shown him that several of man's earlier stages were still visible in ancient survivals. They revealed how we had progressed and on the way they connected with the religion of the Old Testament.

Few visitors have been bothered recently, but in his chapter on the worship of trees, Ohnefalsch Richter

becomes lyrical about a particular oak. He had seen it in its majesty, 118ft wide at a height of only 5ft, the monarch of all trees in Cyprus and living proof of man's progress towards a higher religion. In 1890, he saw it alive and well, surrounded by a base of cut stones at which Christians on Cyprus now bestowed devotion.

The details were precise and as Thomas Pakenham has taught us all recently in his book of the same title, it is still possible for you and me to enjoy "meetings with

remarkable trees".

In the villages of the Akamas mountains, the place to locate them is in the local cafe. The village of Polemi is not short of cafes and the pace of male life resembles that enjoyed by the kindly gentleman who offered me a job in London in 1963. The village nearest to the great oak tree had countless cafes and no end of informants willing to deny that the tree ever existed.

My Greek-speaking companion was more than a match for the challenge and

with considerable skill uncovered among the cacophony the one man who knew, a mature gentleman who suddenly remarked that the oak tree had stood on his nearby plot of ground. His great grandfather knew it and it was carefully recorded on his title deeds.

In London, visitors give you boxes of chocolates; in Cyprus, the visited give you bunches of bananas; the promise of a ride in a Land Rover was a three-banana event and if the trip in a 1962 model was worth

every mile for our informant, it was also worth it for historians of remarkable trees.

The landscape flattened out into farmland with occasional almonds, but at a bend in the road there was a platform built from newly laid concrete blocks. We stopped the car and were given the life-death and history of the site, formerly the home of a stupendous oak. Fifty years ago it was alive, but its stump had recently received the last rites. A young man had come round the corner in his car too fast and had crashed to his death by the oak's platform. His family were paying for a memorial and the remains of the trunk had recently been covered in concrete.

Ohnefalsch Richter had omitted this further stage of man's spiritual progress: from tree worship to icon, from icon to fast car. However, the Christian stones were still visible and we had the satisfaction of standing on the site of the oldest tree cult in the East Aegean.

The wild flowers may have been in hiding, but such events require a return journey to the cafe. There the power-house of Cypriot agriculture was sitting, 20 males in a semi-circle round their old coke boiler, consuming coffee and brandy, far into the afternoon.

The pre-history of the oak tree became the topic of argument. Had it died before the speaker's great grandfather or not? It all seemed remarkably familiar. In the male Common Rooms of Oxford colleges, the old fellows used to sit, on either side of their fireplace, discussing whether Tony Blair scored marks of an average beta or beta double minus. Here, in the All Souls of western Cyprus, the fireplace was centre but past chronology was just as passionately argued.

The tree, we agreed, had been the old "oak of the Cross". Then, they drank to the best of villages and started exclaiming "Switzerland" in Greek. Like Switzerland, Cyprus is something of a tax-haven, but I prefer to think that they were assuring me that underneath the other oak trees, the wild flowers are as abundant as they are in Switzerland in years when the weather is not unkind.

## LONDON PROPERTY

### DUNDEE WHARF

## WHY IMAGINE THE FUTURE WHEN YOU COULD LIVE IN IT!



## Final Phase of Luxury Apartments and Town Houses From Only £109,995

Set in a prime waterfront location, at the heart of London's "Second City" and adjacent to Canary Wharf, Dundee Wharf is one of the last great residential developments on the Thames. Finished

to an exceptionally high specification, and surrounded by water on all three sides, Dundee Wharf's apartments all have large balconies and enjoy spectacular views up river towards Tower Bridge.

Specification includes • Private leisure facilities • Concierge • Secure parking • Fully integrated kitchens • En-suite and principal bathrooms in all apartments • Luxury floor finishes throughout • Fitted wardrobes • 10 year N.H.B.C. guarantee

2 BED APARTMENTS EIGHT ONLY FROM £109,995

3/4 BED TOWN HOUSES FIVE ONLY FROM £229,995

**ISIP**  
IAN SELBY & PARTNERS  
SOLICITORS LIMITED

0171 613 3055

**BALLYMORE**

http://www.ballymore.co.uk

**SAVILLS**

INTERNATIONAL PROPERTY CONSULTANTS

0171 488 9586

## WAPPING WAREHOUSE APARTMENTS with a difference...



Designer Show Apartments Open 7 days a week 11am - 5pm

Light and spacious apartments, in the centre of Wapping ready for immediate occupation.

Apartments from £175,000

Penthouses with large roof terraces from £225,000

23 BREWHOUSE LANE WAPPING LONDON E1

**SAVILLS**  
0171 488 9586

**Chimney**  
COURT

## COUNTRY PROPERTY

### SAVILLS

INTERNATIONAL PROPERTY CONSULTANTS



KENT, SEVENOAKS

A WELL LOCATED RESIDENTIAL AND AGRICULTURAL ESTATE SITUATED IN A RURAL POSITION

Listed Kentish Farmhouse, secondary accommodation, Guest House for conversion, Three Cottages about 5,500 sq ft of traditional and modern farm buildings, irrigation reservoirs, arable, grass and fruit.

Is all about 133 hectares (329.52 acres)

AVAILABLE AS A WHOLE OR IN 17 LOTS

Savills, Sevenoaks: 01732 455551 Contact: Alistair Hancock e-mail: alistair.hancock@savills.co.uk

SAVILLS

### FINLAYSON HUGHES

CHARTERED SURVEYORS

SCOTTISH HIGHLANDS

NAIRN



In desirable area of town. Golf courses, beaches, marina. In immaculate order throughout. 4 reception rooms, 7 bedrooms. Beautifully maintained garden. Garage, driveway and store.

OFFERS OVER £100,000

Ref: 9916

45 Church Street, Inverness IV1 1DR

Tel 01463 224343

### NEAR STRATFORD ON AVON

Grade II Listed large Country Home set in 40 Acres of Parkland with stunning outlook to Malvern Hills. 2 Cottages, outstanding Grade II Listed Gardens of some 5 Acres. Ideal for corporate entertaining, not too big for family use. £1.25 million. EARLE 01664 799948.

### WINCHESTER

Conversion of 19th Century

Grade II Listed Building and New Build, Four/Beds Between Individual Rooms.

Historic site in city centre.

Completion Summer/Autumn 1997.

Prices from £325,000

01962 842177



## MOTORING

## In-car navigation systems

# Sit back and let Kate do all the talking

John Griffiths falls for a lady who lives on the dashboard

Kate and I have been having an affair and my wife approves thoroughly. In fact, if we could afford her, we would both give Kate a permanent home, secure in the knowledge that neither of us would ever try to tell her to get lost.

There would be no point. Kate does not get lost. Nor does she get flustered, angry or resentful. She is calm, guide and shepherdess, and all who make her acquaintance are destined to be smitten.

Kate is ETAK, spelled backwards, and she is the voice of Bosch's satellite-based car route guidance system, Travelplot. ETAK is a company which, painstakingly and over many months, has been creating digital maps in the form of CD-Roms charting the streets, nooks and crannies of Europe. It is from these that Kate takes her bearings.

Kate, I predict confidently, will be the saviour of marriages, not their destroyer. For it is only now, as satellite-based navigation systems have started to become practical, that their significance for motoring and mobility in general, and the economics of transport in particular, is coming to be realised.

With the UK now mapped almost fully, and CD-Roms available to cover nearly all of Europe, we can look forward to huge reductions in stress, journey times, wasted fuel and business man-hours - not to mention an end to marital spats over rustling maps in lay-bys.

Kate is not quite perfect; nor are her counterparts at Travelplot's two main European rivals: Carin from Philips and Alpine's Route Guidance Navigation. It is less a matter of getting things wrong than of being a bit ambiguous or tardy on occasion with their advice and instructions. They also cannot - yet - compensate for real-time road blockages, such as accidents.

No matter. Scrap the sun-

roof, delete the alloy wheels, slash the budget for the CD player - and, for around £1,500, put Kate or one of her colleagues at the top of the options list for the next car. If the pocket is deep enough and you do a lot of business travel, even the £3,000-plus of a retrofit is not an option to be discarded lightly.

In the few days that I have known Kate, I have tried to confuse her, deceive her, and have ignored her repeatedly. Each time, she has retrieved me patiently from the blind alleys, supermarket lots and other wildernesses into which I have strayed, and has delivered me to within 15 yards of even the most obscure addresses I had challenged her to find.

Her hidden technology is complex: notably the transmitter/receiver by which the car's shifting location is identified to within a few yards by satellite, and its integration with the map-

ping inside the CD-Rom. Yet, her outward appearance is disarmingly simple: a small, dashboard-mounted video screen and a hand-held control pad.

You will be given on-screen prompts which identify, for example, precisely which of London's dozen or so Park Streets is the intended journey's end (the FT is located beside one of them). Then, key in the street and area of destination on the key-pad and simply listen to Kate telling you, in the nicest sense, where to go.

At first, the tendency is to watch the screen while Kate calls the turns. Yard by yard, junction by junction, the screen provides a simplified graphic diagram of the route immediately ahead, with a big direction arrow showing the chosen path of the car.

Kate counts down every move - 200 yards to the

roundabout, 100 yards, then the calm instruction to take the third exit.

Stage one of familiarity is to start taking her words alone on trust. To look at the diagram - or the car's location on the physical map which also can be called up while idling at traffic lights - is recognised quickly as a superfluous exercise in scepticism.

Stage two takes longer to grasp.

On a journey from Ascot in Berkshire to the FT's office in Southwark, using the main A4 highway from the west, Kate urged me to "bear right" over the top of a roundabout. There was no bear right to be seen. She meant, really, that I should stay on the A4 itself and proceed over the slightly curving Hammersmith flyover.

I chuckled at her fallibility. What a mess we would have got into, I sniggered, if we had gone off route into the roads labyrinth that is Hammersmith.

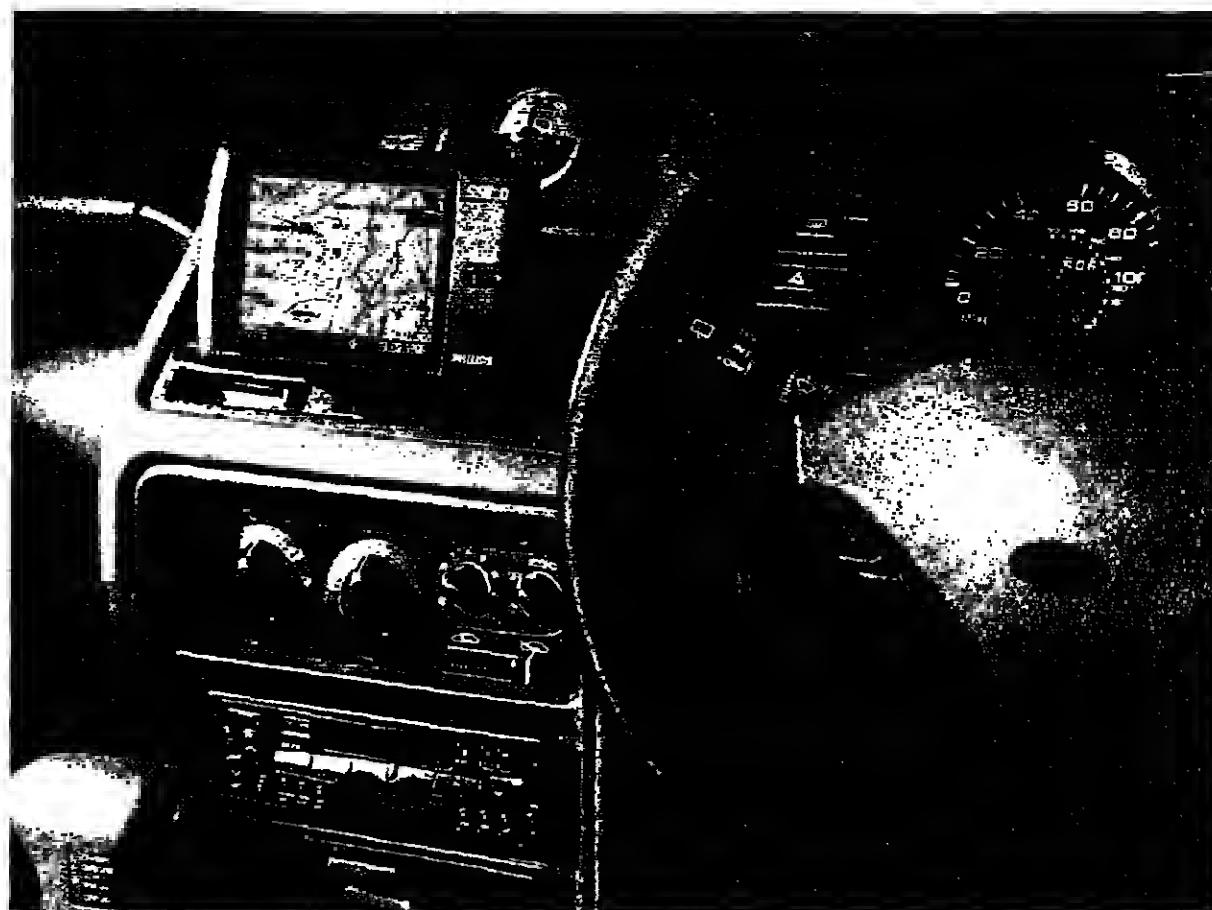
Gradually, though, we came to realise that it really didn't matter. Kate recalcu- lates within seconds while on the move; you simply follow the amended instruction.

Cost remains daunting, but probably not for long. Ford's Mondeo and Volkswagen's new Passat are poised to offer Bosch's system as a sub-£1,500 option.

Within a year, car-makers from BMW to Daewoo will be offering one of the three systems almost right across their ranges. As volumes go up, costs will come down.

Then, too, mapping of the developed world should be almost global by the turn of the century. And the first integration of GPS with real-time traffic information should be taking place, along with the introduction of CD-Roms containing not just maps but a wealth of en- route accommodation, emergency and other data.

From then on, Kate, I'll follow you to the ends of the earth - provided, of course, that you can direct me to the best restaurants.



A glimpse of the future...the Carin in-car navigation system. But it needs detailed traffic information to work at full efficiency

## The voice of reassurance

Haig Simonian undergoes a conversion to in-car navigation

It was dark and drizzly as only Britain can be after a hot and sunny weekend elsewhere. My sense of direction had vanished long before our shuttle bus reached the long-stay car park somewhere on the outskirts of London Gatwick airport.

Once there and inside our BMW 5-Series, there was not a map in sight. Our location was, frankly, a mystery. The screen on the Carin navigation system - made by Philips and fitted to BMW's 5-Series and 7-Series models - was equally unhelpful.

The problem was that Gatwick, south of London, lies just outside the M25 motorway which circles the capital. But NavTech, the US digital information specialist that supplies the data to Philips, has mapped in detail only the area inside the M25.

So, for want of anything better to do, we pulled out carefully behind the car in front and followed. Seconds later, however, Carin's monitor came to life and a

synthesised male voice reassured us of our whereabouts. It might not have been Damascus, but seldom can conversion - in this case, to on-board navigation - have happened faster.

Experience with the equipment confirmed our original enthusiasm. It was as enthralling to test the technology against familiar routes as unknown ones. Occasionally, though, there were glitches.

Navigation systems are only as good as the software on the CD-Roms whirring inside them. Theoretically, they should select the best way to reach your destination. But our system did not know about the closure of Hammersmith Bridge over the Thames in south-west London the previous week. Luckily, the human element was aware of the problem.

Nor could the software have been expected to take account of dense Saturday afternoon traffic in Fulham after a Chelsea-Manchester United soccer match. Yet,

only when navigation systems are linked to real-time traffic information networks will they be able to update routes based on road conditions.

Carin's insensitivity to local circumstances was more irritating when it came to warning times. Lane changes are supposedly geared to speed, allowing longer warnings on motorways than, say, in town traffic. But, without detailed traffic information, the warnings do not take account of specific conditions.

Carin's lane change instruction from the M23 on to the congested M25 failed to take heed of backed-up cars in the slip road. And the relatively late warning to turn off meant squeezing into a gap well along the queue, instead of a teller manoeuvre.

Likewise, lane change instructions in heavy London traffic, when cars were backed up behind red lights, sometimes came so

late they required embarrassing traverses across multi-lane junctions.

Some glitches were less forgivable. The software on our system was blind to Kensington Church Street, the obvious route to Notting Hill Gate, when heading east along Kensington High Street. Although it continued to direct us correctly once we had made the turn for ourselves, the omission was worrying. And, in Fulham, we were sent down one long-established cul-de-sac.

Finally, navigation systems obey the rules of the road - even if personal experience shows an illegal manoeuvre might be quicker. But if a U-turn saves you driving round the block, do not expect the machine to suggest it.

These, though, are all minor quibbles compared with the peace of mind you get. At more than £3,500 for BMW's factory-fitted Philips system, the price is still too expensive for most private motorists. Halve that, and it could be another story.



The Camry Sport: a sheep in wolf's clothing that performs best when driven hard. But it can be twitchy on minor roads



The Ford Scorpio Ghia: the front smiles like a Cheshire cat and the rear is a touch elephantine. But slide behind the wheel and you could imagine you were driving a Mercedes-Benz

## Road tests

## A choice of comfort or speed

Stuart Marshall puts new models from Toyota and Ford through their paces

Given a choice between comfort and speed, which would you choose when spending upwards of £20,000 on a new, four-door, five-seat car? Logical thinking favours comfort. Even cheap cars, let alone £20,000-plus saloons, now can shatter European motorway speed limits without exerting themselves although police forces are - rightly - taking an increasingly aggressive stance these days on speeding in towns and villages.

So, while you cannot avoid buying far more performance than can be exploited legally, there seems not much point in enduring discomfort merely to have even more unusable speed, handling and road-holding.

I pondered this when driving two cars back-to-back the other day. The Toyota Camry Sport (list price £23,210) had a five-speed, close-ratio, manual gearbox for firmer acceleration than the normal model; larger wheels and squatter tyres for greater grip; and lower, firmer suspension.

The Ford Scorpio 2.3-litre Ghia (£23,270, with leather

seats and automatic transmission) was pretty much the standard product with a posher interior. Both cars had air-conditioning.

I liked the Camry Sport less than the £24,944 Camry V6 three-litre automatic I drove late last year (this column, December 21). I thought the V6 enshrined all the things mature motorists value. No doubt the Sport will attract the young and thrusting. It is a good car, but I found the Scorpio more to my taste.

The Sport is aimed at similar buyers (for which read user-choosers) to the Lexus GS 300 Sport. They may well move up to Toyota's prestige marqua as their careers progress.

Like the Lexus, the Camry Sport was developed specifically for the British market. The design brief was to maintain the standard Camry's ride comfort and refinement while improving road-holding through suspension control and reduced body roll.

In the main, it succeeded. On minor roads, however, the Sport could feel nervously twitchy as its 17in wheels, shod with ultra-low

profile Pirelli P-Zero Corsa tyres, followed surface ridges. On motorways, it rode beautifully, although short sidewalls do little to help cushion the shock of a wheel dropping into a pothole.

The Sport is at its best when driven hard. Minor ride shortcomings and the fidgety steering are forgotten while it corners flat at

(8.8 l/100km) can be achieved, although not by drivers who use high engine speeds habitually.

Toyota GB believes that more than 50 per cent of the 1,750 Camrys it will sell this year will be Sports with their front and rear spoilers, side skirts, mesh grille, and perforated leather seats that feel fine but look like plastic.

Like fine wines that improve with bottle age, the Scorpio (née Granada) has got better and better over the years. It was face-lifted heavily (and not altogether successfully) a couple of years ago. The front smiles like the Cheshire cat and the rear end is a touch elephantine. Sides behind the wheel, though, and you could imagine you were driving a Mercedes-Benz.

The German-built Scorpio Ghia - if you can ignore the drawn naturally to the Sport. They might, I suppose, find the Scorpio Ghia automatic a touch staid. I loved it for its long legs on the motorway, air of solid worthiness, precise minor controls, and an in-car entertainment system that has buttons readable without glasses and is understandable by computer illiterates.

In economy mode, the

transmission slips into high at under 40mph (64kph) and is not over-eager to change down. This makes for relaxed progress, with a reasonable 27mpg (10.5 l/100km) fuel consumption.

On paper, its standing-start acceleration is just slower than the Sport's. In practice, only manual gearbox cars driven brutally best automatics like the Scorpio away from the lights, especially with the transmission in performance mode.

Roads that felt quite bumpy in the squat-tyred Sport seemed to have smoothed out when I drove over them in the Scorpio. Rear-seat passengers enjoyed a massive amount of leg room as well as a ride undisturbed by engine, road or wind noise.

Drivers under 40 will be drawn naturally to the Sport. They might, I suppose, find the Scorpio Ghia automatic a touch staid. I loved it for its long legs on the motorway, air of solid worthiness, precise minor controls, and an in-car entertainment system that has buttons readable without glasses and is understandable by computer illiterates.

In economy mode, the

## Motor sport

## Bentley '36 proves a vintage to savour

Ivor Williams meets a man who's made his marquee

It streaks from 0-60 miles an hour in 4.5 seconds, has a top speed of 140mph, and sticks to the road like a hare with Blu-Tack on its paws. What is it?

It sounds like the latest mass-produced hot hatch but, instead, it is a Bentley. A 1936 Bentley-Royce, to be exact. An open-topped, two-seater Bentley with a Rolls-Royce Phantom engine. Registration: "Doc 9".

This awesome machine has a 12-cylinder, eight-litre engine under a bonnet longer than most domestic garages. The power plant is a forerunner of the famous Merlin that powered the wartime Spitfire fighter aircraft, and a supercharger nudges it to delivering 500 brake horsepower.

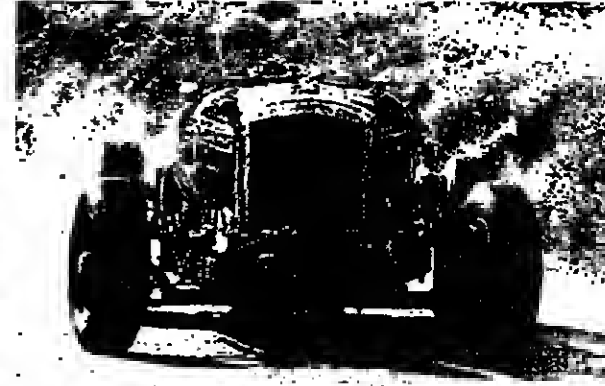
The car is not for shopping, obviously. If it were your eggs would be scrambled and your potatoes mashed before you were out of first gear.

No - it is strictly for racing. And, as a big British racing car, it is painted in pristine British racing green (what else?). It, and others like it, thunder round in sports car races just as they did in the 1920s and '30s.

This priceless vehicle is owned and driven by 55-year-old Bob Burrell. And, in spite of being a slightly grey-haired grandfather, he is as enthusiastic now as he was when he started.

That was in 1965 at Crystal Palace, south London. Since then, his all-consuming passion has been to take his cars off to venues around the UK and Europe, race them, and cart them back again.

"Doc 9" has helped him to win 150 trophies and awards in races and events run through the Vintage Sports Car Club. Many litter the old chicken barn near Chelmsford, Essex, where his Bent-



Gently, Bentley...Bob Burrell loses his tail end during a hill climb

leys are prepared meticulously. He owns four (although one is being rebuilt) along with a grand prix racer from the 1950s.

Hill climbs and speed trials figure highly in his programme. Indeed, Burrell won the Brighton National Speed Trials in 1992 over a standing kilometre (five-eighths of a mile) course - since reduced to a quarter-mile to allow more braking distance after several fatalities. "I have a lot of friends who are no longer with us," he says.

Which brings us to safety. Shouldn't "Doc 9", and all the other Bentleys, have roll-over bars or safety cages? Burrell replies: "They didn't have them when they were built, so why should we now? There's no seat belt or harness, either."

"If you have a smash, you're thrown clear of the car and, hopefully, following vehicles, like a raggedy doll. That's the theory, anyway." He recounts myriad incidents involving various broken bones just to prove his point.

In order to try breaking a few more records (and possibly bones), he is entering the Millennium event at Salt

Lake City, Utah, in 2000. Here, every driver will attempt to break 200mph.

He plans to use Bentley-Royce II, a similar car to "Doc 9". And he reckons that with some tweeking to the engine, plus work on the aerodynamics and using highly explosive methanol as the fuel, this speed is not just possible but probable. Certainly, the prospect is enough to speed one's internal metabolism.

One suspects "W.O." would have approved. The marquee appeared in 1922 when Walter Owen Bentley, who trained initially as a railway engineer, made the first cars to bear his name. Since then, Bentleys have taken the honours in many races. These include the gruelling Le Mans 24-hour event, which they won five times.

Despite the racing successes, financial troubles eventually led to Rolls-Royce taking over the company in 1931 for a little over £125,000. But the Bentley legend lives on.

You can see it today when Burrell will be racing "Doc 9" at the Silverstone circuit in Northamptonshire. The 12 races will feature vintage, Edwardian and grand prix racers up to the 1960s. Let nostalgia reign.







## TRAVEL

**W**heeling in from the Pacific, the huge white gannets, with wingspans of around 6ft, flew close over our heads before coming in for an ungainly landing, careering to a halt among other nesting birds.

The colony, which is the largest mainland nesting place of the gannet in the world, was a narrow strip of bare earth, ending precipitously where the cliffs fell away to the sea more than 100 yards below.

Unperturbed by our proximity, more than 1,000 birds were busy feeding their young, regurgitating fish into their gaping beaks. We were high on Cape Kidnappers in Hawke's Bay, on the east coast of New Zealand's North Island.

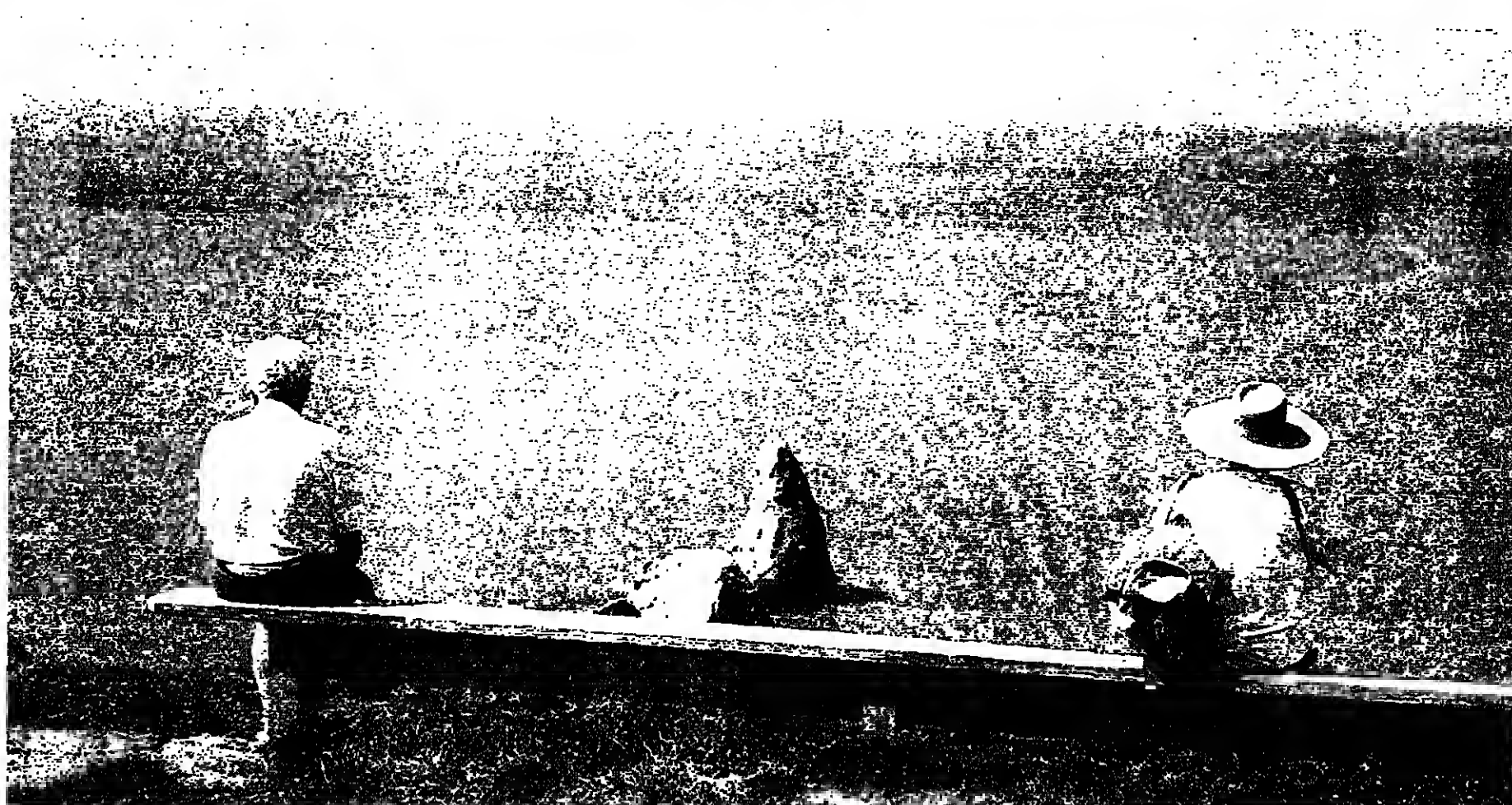
From our outlook, we could see the occasional plume of spray far out to sea as other gannets hunted shoals of fish. Forebears of these same birds would have been here when Captain James Cook's Endeavour passed by in 1769, charting the coast for the first time.

The temporary capture of one of his crew by hostile Maoris led Cook to name it Cape Kidnappers, but he also had time to comment on the fertility of the land. Now, Hawke's Bay is New Zealand's main fruit-producing area and, as we left the cape and drove back along the coast, we passed orchards laden with apples and pears.

A fellow passenger lived in the area. He told me that two years before, just before the harvest, a huge hail storm had wiped out the crop. "Lumps of ice the size of eggs smashed down, wrecking the fruit. My car looked like it had been attacked by a manic woodpecker with a cast-iron beak," he said.

Fruit growers were praying for a good year this time, he said. "A lot of people round here are now up to their eyeballs in debt and could lose everything if this harvest isn't good." Living close to the edge is part of life in this area of New Zealand.

Napier, the largest town in Hawke's Bay, is a peaceful seaside resort. But, one February morning in 1931, a massive earthquake ripped through the area, toppling



Cape Kidnappers in Hawke's Bay: from our outlook we could see the occasional plume of spray far out to sea as gannets hunted shoals of fish

Photographs: Nick Haslam

## In the wake of Captain Cook

Nick Haslam watches birds and tastes fine wine on the east coast of New Zealand's North Island

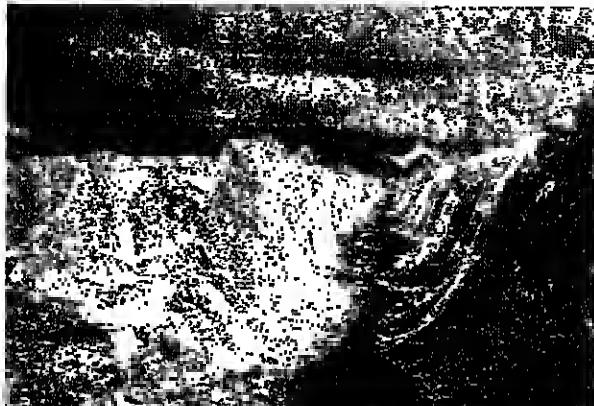
most buildings and leaving hundreds dead. Barely had the dust settled and the last sod clattered down on the coffins than the determined survivors were planning the new Napier.

They built, understandably, in reinforced concrete, and chose a style with clean, simple lines and bas-relief decoration that was not only pleasing to the eye but safe in a high-risk earthquake zone. As a result, Napier now is one of the most cohesive Art Deco cities in the world and its streets, despite a few intruders from later years, are little changed since the 1930s.

I checked in at the A&B Building, an imposing hotel on the sea front, a pure Art Deco edifice from the lofty clock tower right down to



Clive Paton: 'Great to beat the French at their own game'



Grapes under nets in the Wairarapa

the sunburst veneer in its elegant lift. That night was, I discovered, the last of Napier's annual Art Deco festival, and the streets were crowded with couples wear-

ing blazers, boas and boaters, wandering arm-in-arm through the balmy February evening.

Feeling like a disreputable gatecrasher, I dug out the

least crumpled shirt from my bag and bought a ticket for the "supper crawl", where each of the three courses is eaten in a separate restaurant. I found

myself seated with a group who had chartered an old, twin-engined Dakota to fly up from Wellington for the weekend.

As we suntered through the warm evening to our dessert course, one of the group, a lawyer from Christchurch, said he had returned recently from London. "It was a lifestyle decision," he said. "Here, you spend less time in your car going to work, less time at work, and more time having fun."

As if to prove the point, his wife showed that it was, in fact, possible to do the Charleston and drink champagne at the same time, dancing fluently to the music of a small jazz combo on one of the street corners. Monday morning dawned clear and warm. The straight

outlines of the Art Deco facades shone white against the clean blue of the sky. Shop owners were opening shutters and sweeping up the paper streamers as I drove towards Wellington.

Heading south through the Wairarapa, storm clouds gathered over the mountains of the Tararua range to my right. Down here, though, a strong sun beat down on rich farmland. This area has one of the warmest climates in New Zealand and now produces some of the nation's best wines.

As I drove into Martinborough, I passed the small boutique wineries for which the region is becoming famous. I pulled in at the Ata Rangitiki vineyard. The 1993 Pinot Noir produced here won a trophy in 1996 at the interna-

tional Wine and Spirit competition in London, and I was curious to meet the man who had produced such a world beater.

I found Clive Paton among his grapes under what was now a dark, thundery sky. In 1979, he gave up livestock farming and went into wine, producing his first vintage four years later.

"I opened the first bottle in secret, on my own," he said. "But, when I tasted it, I thought: if I can get this without knowing what I'm doing, then I'd better keep going."

There are 17 wineries on the Martinborough Terrace, a small area of ancient elevated riverbed with stony, free-draining soils and climate very similar to that of Burgundy.

Sitting on the steps of Paton's house by the vineyard, we tried a glass of the 1994 Ata Rangitiki Pinot. I found it delicious, but he insisted it would be better if kept for three or four years more.

I asked him what difference winning the trophy in London had made. "I suppose it justified all the work we've put in, but it was really great to beat the French at their own game," he said. The future was bright now for Ata Rangitiki, with turnover past NZ\$1m and full order books.

That night, my last in the Wairarapa, I stayed at the Ruamahanga, a small but luxurious hotel in the heart of rolling, dry country that reminded me of central Europe. We dined on beef raised by my hosts, Bronwin and Andrew, washed down with another excellent Martinborough Pinot. This one came from the Te Kairanga winery, a close neighbour of Paton's.

Seeing my enthusiasm for the wine, Bronwin said I should come back for the Toast Martinborough, a day of wine tasting held every November. I made a mental note, thinking there could be few better reasons to go so far.

**Nick Haslam flew to New Zealand c/o Qantas and British Airways. Excursion return fares from London Heathrow to Wellington, with two free stopovers in Australia and south-east Asia, start at around £900 plus tax. His itinerary was organised by the New Zealand Tourism Board (tel: 0839-300 900).**

## Grand, old and still full of character

Giles MacDonogh visits Colombo's most famous hotel

**T**hey keep threatening to change the Galle Face, but so far nothing drastic has occurred. The front desk has been moved, and there is a little building work being eked out under the bar, but otherwise there is no evidence of the sort of misguided commercialism which turned that other great Asian hotel, the Raffles in Singapore, into a shopping mall with rooms.

Colombo's grandest, oldest hotel was built in 1864. On

great nude spaces containing a minimum of 1950s artefacts, enlivened only by the glorious view out to sea.

But these are only cavils: Colombo has its international hotels for anyone who requires that level of comfort, but they cannot match the timeless quality of the Galle Face.

The best way to enjoy it is over a cocktail in the bar, sipping gin and limes on the veranda while the sun disappears beneath the waves in a blaze of turquoise, mauve and salmon pink.

You eat under the arcade too: scorching Singaporean curries with hoppers and sambals, or tamer dishes wrought in western styles.

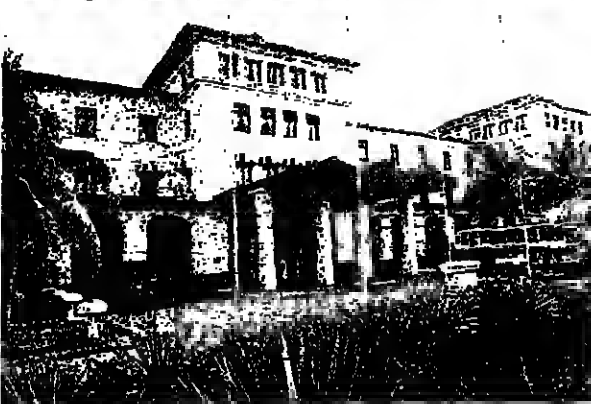
These are made to suit the largely German clientele who otherwise might drift across the Galle Road to the Alt Heidelberg. The Alt Heidelberg's menu is even written in German, and they serve a remarkably authentic *Wiener Schnitzel* accompanied by imported beer.

There is not a lot to see in Colombo. The city's museums would occupy you for a day at the most. Possibly the most interesting is the Dutch Period Museum in Pettah: evidence of the more homely style of the colonialists who ran the island between the Portuguese and the British.

Dutch culture is never far beneath the surface in Sri Lanka. St Peter's Anglican church in the Fort was actually built in the ballroom of the old Dutch governor's palace. With the exception of the public schools, the tea plantations and the railways, 50 years after independence, British culture is wearing thin. Given that their role officially ended 150 years before the British, the Dutch have proved remark-



The dining room at the Galle Face Hotel



The Galle Face: still fun and still famous

ably tenacious.

If you want to experience Dutch culture in Sri Lanka you must go to Galle, 120km round the coast to the south. The local equivalent of the Galle Face is the New Oriental, a former barracks building which was turned into a hotel in the late 19th century by a Dutch burgher family, who have run it since.

There are similarities between the two hotels. Both mourn famous proprietors: the sententious Cyril Gardiner, whose sayings were pinned up like legends around the Galle Face, died recently. So did Nesta Brohier, who was one of the attractions of the New Oriental until her death in 1955 at the age of 90.

Brohier is buried in the 18th century Dutch church next door. It is flanked by a

shiny Anglican version built in an unscholarly Gothic in the 1860s, but apart from the church the British seem to have abandoned Galle to the Dutch when they transferred Ceylon's chief port to Colombo in 1875.

You are never alone in Sri Lanka. A regrettable feature of the island are the trouser-peddling pests, as persistent and voracious as the local mosquitoes, who are anxious to flog you anything from a Victorian half crown to a night of "pleasure".

If you can shake them off for a short while it is worth walking round the fort in Galle, which lies to the south of the busy town, jutting out into the ocean with its solid bastions.

The best place to appreciate the Dutch architecture of the fort is in Hospital Street.

looking up Queen Street towards Church Street. The houses and public buildings are generally behind single storey Tuscan colonnades.

Besides the church with its tombs, much may be gleaned about the Dutch period from the museum, with its collection of VOC (Dutch East India Company) china and the Dutch Mansion, which is partly just a front for an enterprising local jeweller.

The National Maritime Museum is a rather exaggerated title for a collection of fish heads and a *papier mâché* porpoise, and can be given a miss.

There are few places to eat. Walker's Tea Rooms (the names remain, only the faces have changed colour) could provide me with nothing more than tea and chocolate ice.

You may take a three-wheeler up to Galle's smartest restaurant, the Clovenberg, which offers an international menu including Sri Lankan *buillabaisse*, prawn cocktail and something called "Mouille Marinier" which would translate as "sodden sailor".

Or you can brave the curry at the New Oriental, where one night I saw a group of bemused Englishmen being served Paul Masson Carafe wine from a solid silver wine cooler. With its old Dutch

furniture and prints and its ravishing interior bar, the New Oriental is certainly one of the chief sights of Galle and attracts an eccentric crowd who seem to make annual pilgrimages to the hotel.

During my three days there I observed the coming and going of several of them, ranging from what appeared to be an old fashioned women-only reading party, to a quiet professional type, who dined severely alone, to a semi-nocturnal American with a collection of classical music CDs, who liked to savour cocktail and cigar to the accompaniment of Satie's *Gymnopædies* at a table outside his room by the pool.

He had made a wise choice: the pool at the New Oriental is its most magical spot, isolated from Galle with its pedlars and overhung with sweet smelling frangipani trees.

Like the Galle Face, there are rumours that change is coming to the New Oriental. Let us hope that those threats prove as empty as they have up in Colombo.

■ **Galle Face Hotel, Colombo.** Tel: 00-94-1-541010, fax: 541072. Good rooms from \$65.

■ **New Oriental Hotel, Galle.** Tel: 00-94-9-34591. Good rooms \$30 to \$40.

### HOLIDAYS & TRAVEL

#### FRANCE

For France with the accent on standards, phone for a brochure.

01242 240 310

VFB Holidays (FTL) Cheltenham GL50 3FB

Guided SPECIAL INTEREST trips

#### MAURITIUS SEYCHELLES

#### MAURITIUS SEYCHELLES

Contact the Specialist for your tailor made holiday

TRISTAR TRAVEL  
0161 865 7275  
ABTA 77854 ATOL 3201

#### CRUISING

#### MED. SPRING CRUISE

Small ship, open seating dining, Genoa, St Tropez, Barcelona, Marseilles, Gibraltar, Tangiers, Marseille, Genoa, Rome, Tunis, Malta, Dubrovnik, Venice. All 2 bed. 8th May (inc. flights) your tailor made holiday. 9 days Genoa-Genoa from £597. Veranda Suites £1237. 16 days from £897. V.Suites £2047. Holidays Travel Tel: 0181 668 2943 Fax: 0181 763 8881

#### WEEKEND FT

### Mediterranean Travel Feature

Next Saturday - April 19

Do you have a villa, or holiday home to let in the Mediterranean?

Take advantage of our Mediterranean Travel Feature and advertise to one million wealthy travellers from as little as £45 + VAT.

#### FT ADVERTISING RATES

Lineage £15/line (5 words per line min 3 lines)  
Mono Display £35 per single column cm

BOOKING DEADLINES  
Wednesday 16 April

For further information please contact:

Dominique Moseley  
Tel: +44 171 873 3576  
Fax: +44 171 873 3098



## TRAVEL

# Minding the forts of Madhya Pradesh

For superb fortresses and palaces, take a Walkman tour around Orchha, India, says Barbara Jeffery

As Indian palace hotels go, the Sheesh Mahal at Orchha in Madhya Pradesh, 250 miles south of Delhi, is strictly a one-star job. The lobby looks like a 1950s railway buffet with bright blue moulded plastic chairs. Formica-topped tables and a few cane sofas.

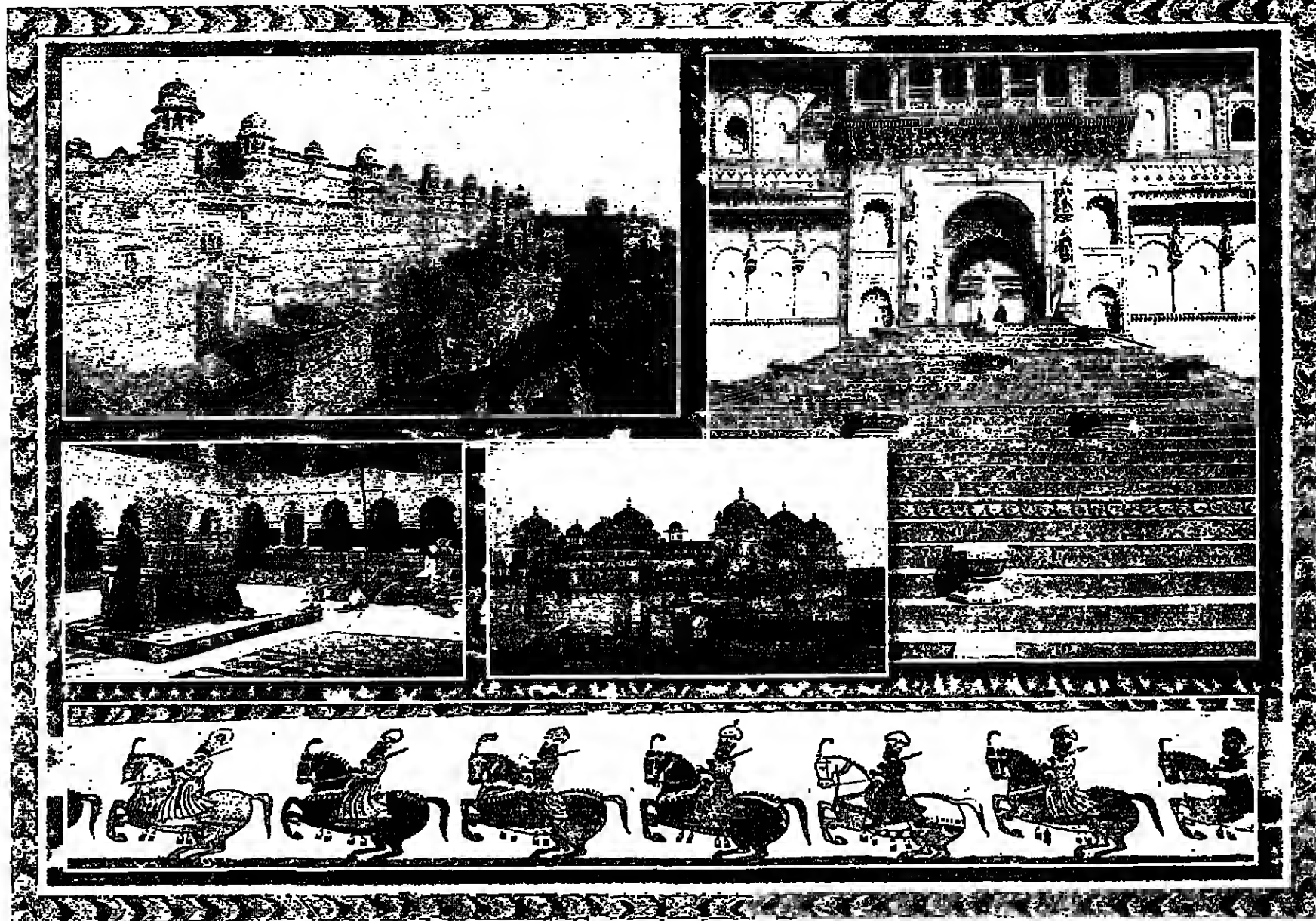
A flight of stone steps leads to a dazzling white roof terrace with three rooms leading off: one, a long, narrow single at 24 a night; a jumble of niches and alcoves makes a double; the third, once used by visiting maharajas, is approached through two colonnaded verandas and has a bathroom in an octagonal tower. The floor is black marble, with a large grey marble bath. The lavatory was an afterthought, a wooden structure hanging on the outside of the tower with views to the most 300ft below.

This little palace has eight rooms and was built in 1763, and a lot of dust has been swept under the eaves since then. Eye-hall to eyeball with me are the beetle-shaped sikhara towers of the Chaturbhuj temple, as high as a seven-storey building and flashing like a lighthouse at night, for the electricity supply cannot cope with the floodlighting. From its roof you can see nine palaces and numerous temples shooting sikhara and spires through the low surrounding forest.

My palace is part of a fortress on an island in the river Betwa, established in the 16th century by the Rudra Pratap, the Bundela Rajput chieftain, and it is squashed between two enormous palaces, Jehangir Mahal and the Raj Mahal. Outside, Jehangir Mahal is solid and forbidding, crowned with domes and kiosks where vultures sit waiting for their next meal. Inside, all is light and open with courtyards, gardens, galleries and elaborate stone work.

The Raj Mahal is more severe in style; both are smothered with wall paintings, some damaged but the colours still vivid. There are friezes of armies on horseback going into battle, smiling elephants stepping out boldly, panels of dancing girls.

Few tourists come here, and the only guide in town speaks little English so the tourist department provides Walkman tours to guide you round the fortress complex. On a fine February morning I had the place to myself.



A wealth of history: clockwise from top left, Gwalior, Maheshwar, Jehangir Mahal and Sheesh Mahal forts in Madhya Pradesh. Murals (bottom) add to the attractions

The fort crowns a vast rock that overlooks the flat streets of the town. It is pink sandstone and pretty and looks as a fort should, with towers and turrets and lots of monkeys.

Jhansi was a princely state set up by the East India Company in 1819. The Rajah married a spirited 12-year-old, Lakshmi Bai, in 1847. The baby boy born when the

soldiers lived until partition, labelling the buildings neatly which makes it easy to find your way round.

The fort crowns a vast rock that overlooks the flat streets of the town. It is pink sandstone and pretty and looks as a fort should, with towers and turrets and lots of monkeys.

Jhansi was a princely state set up by the East India Company in 1819. The Rajah married a spirited 12-year-old, Lakshmi Bai, in 1847. The baby boy born when the

Rani was 18 died at six months and the Rajah died of grief within a year.

The British had a rule that when a king died without an heir, the state would revert to the East India Company. Lakshmi Bai defied the British, adopted a boy to train as king and got on with life in her yellow palace until the Sepoy Revolt started in 1857, when she moved into the fort with her army.

Hindus and Moslems together, they held out against attacks by

the British, the Rani firing a huge cannon called horani shenka, not used since because nobody knows how to detonate it.

A serious young local man told me how, in April 1858, the fort fell to the British and the Rani escaped by jumping on horseback from the battlements, her adopted son strapped to her back. In spite of two broken legs, the horse galloped on for a few hundred yards until it died on the spot where the football stadium now stands. There is a memorial

to it under an octagonal stone dome at the side of the pitch.

The Rani found another horse and galloped off to Gwalior to what she hoped would be the safety of the massive 15th century fort there, leaving her son and jewels in the care of a holy man in the forest.

At Gwalior another guide took up the story. The British discovered where the Rani was and attacked the fort. Dressed in men's clothes, her child strapped to her back, the Rani then mounted her horse and leapt from the battlements to confront the British, holding the reins between her teeth so that she could wield her heavy sword with both hands.

Whether she jumped once or twice, or not at all, there is no doubt the Rani was killed in battle against the British at Gwalior on June 10 1858, aged 23. Well, that is what it says on her monument in the town. She sits on her horse, sword in hand, marooned in an empty pond.

A mile from the fort is the Jay Vilas Palace, built in 1874 in Italian style for the Maharajah of Scindia and still lived in by his descendant who likes to be called the Maharajah. Part of it is a museum with oddities such as a Belgian cut-glass throne for the god Vishnu and a model railway that carried brandy and cigars round the table after dinner.

The Usher Kiran Palace, in the grounds, was built in the 1930s in English country house style so that the Maharajah's European guests would feel at home. It is run as a hotel and charges from \$59 for a double room. The cheaper rooms are the most picturesque, opening on to courtyards with fountains but the suites have some magnificent 1930s furniture and carpets.

Madhya Pradesh Tourism operates the Sheesh Mahal hotel in Orchha. Details from the Government of India Tourist Office, 7 Cork Street, London W1X 1PB: (0171-437 3677).

Gwalior and Jhansi are on the main railway line from Delhi to Bombay. Indian Airlines has daily flights to Gwalior from Delhi and Bombay.

## HOLIDAYS &amp; TRAVEL

## SPECIAL INTERESTS

**BORNEO WITH THE DEERHUT** This year try the alluringly wild & adventurous spots in 1 week or just take one to the limit. Singha, leopard, tiger, rhino, elephant, crocodile, snake, and many more. Small groups, expert guides, and a lot of fun. Call 0181 566 2729.

## BARBADOS

**BARBADOS IS ONLY 4 HOURS AWAY THIS SUMMER**

We invite you to experience Barbados this July or August... and in less than four days to reach many Mediterranean resorts, you could be relaxing in one of our exclusive hotels on the glorious west coast of Barbados... just imagine...

**EXCEPTIONAL VALUE**  
• JULY • AUGUST  
To tempt you further, special 7 night holidays flying Coorco one-way include:  
■ Treasure Beach from £2,548 pp  
■ Glister Bay from £2,722 pp  
■ Sandy Lane from £3,110 pp

**BOOK NOW FOR WINTER**  
For further details & personal service, call us now on **01244 329556**

**CARIBBEAN CONNECTION**

## RUSSIA

**RUSSIA**  
St Petersburg £1,389 5nights  
Moscow £1,449 5nights  
Includes return flights, 10-12-14 day visas  
St Petersburg  
Moscow £1,489 7nights  
Includes 10-12-14 day visas  
For more details call 01254 762255

Which care is taken to establish that our adventures are bona fide, readers are strongly recommended to take their own precautions before entering into any agreement.

## INDIA

## INDIA-WINTER '97/'98

New Brochure on release 14 April 1997  
Featuring flights to Goa from Gatwick and Manchester\* and Kerala from Gatwick  
14 nts B&B Goa from £439  
7 nts 'In Search of the Tiger' + 7 nts B&B Goa beach fr £940  
14 nts Seafair Hotel, Kerala from £679  
7 nts 'Journey through Kerala' + 7 nts B&B Kerala beach from £820  
\*No flight supplement from Manchester Contact your local agent or  
**SOMAK** TEL: 0181 423 3000  
HOLIDAYS ATOL 560 ASTA 1379 ATU

**INDIA**  
Tailor Made and Small Group Holidays  
Slide Presentations London 25th April  
Louise Nicholson, Author and Travel Writer, will discuss her book 'India: A Travel Guide' and answer your questions. Call to reserve a place, and for our award winning full colour brochure.  
Mysteries of India 0181 574 2727 (after 5pm)  
ATOL 3634 ASTA 14072 MIA (Pleasureseekers Ltd)

## MEDITERRANEAN

## A Mediterranean vacation on one of the world's fastest sailing yachts

Think about an exhilarating holiday of a lifetime aboard the *Ferrari of the Seas* that combines the luxurious facilities of the finest motor yacht. Five staterooms, massive entertainment areas, gourmet cuisine, gym, sauna, 24-hour world fax and telephone, and a variety of water sports equipment, assure an experience you will never forget. Available for charter May to October East and West Mediterranean.

FOR ALL ENQUIRIES CALL NIGEL BURGESS LTD.  
16-17 Pall Mall, London SW1Y 5LU. Tel: +44 (0) 171 839 4366 Fax: +44 (0) 171 839 4359

**FOR SALE OR CHARTER**

**PHILANDERER**

**NEW ZEALAND**

**ITALY**  
TUSCAN COAST, Monte Argentario, almost an island. House overlooking the sea near an unspoiled beach, 80 mins. north of Rome. Tel: 0181 987 9919 Fax: 0181 747 8343  
IOYLLIC ITALY, villas, farmhouses, castles, hotels, the complete selection Brochure/Italy's Toscana. 0161 707 8766 ASTA 02018  
**ART IN FLORENCE**  
Our 5 day course takes you to the heart of a great city  
**THE BRITISH INSTITUTE**  
Piazza Strozz 2  
50123 Firenze, Italy  
Tel: +39 55 284031 Fax: +39 55 287071

## Where the heat is on

Reykjavik has many curiosities, writes Christopher McCooley

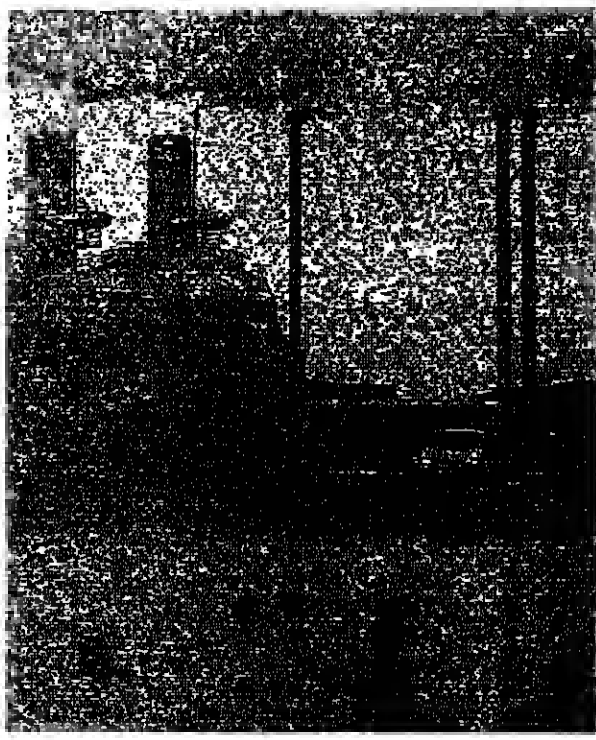
Puffins in the duty-free shop on the top shelf... and on the menu. The life-guard in a snow-suit. A pop star incognito. Large swans being hand-fed outside City Hall. A small bottle of locally brewed Guili beer, costing 500 Icelandic kroner (£5). A whiff of sulphur as you turn on the shower. The world's highest coat hanger and its most northern capital city with its own salmon river, Reykjavik, Iceland.

Irish hermits are said to have been the first to land on the island in the early 9th century. Being Christian and wanting to be alone, they quickly took to their coracles when the pagan Vikings dropped anchor in AD874. Ingolfur Arnarson, a chieftain from west Norway, began the settlement when he moved there with his family and dependants. Others followed, some from Viking communities in Ireland and Scotland which may account for the Celtic influence in some of the names and looks of the people.

Most names are patronymic - "son" and "do'ttir" (daughter) added to the name of the father. So international singer Björk Gudmundsdóttir is Björk, daughter of Gudmund, and Magnus Magnusson - Iceland's famed mastermind - is Magnus, son of Magnus. If that sounds confusing, try looking in the Reykjavik telephone directory. It's like having a whole city of John Smiths and Ann Joneses. Fortunately, there are only about 270,000 Icelanders in total.

More than half the population of Iceland lives in or immediately surrounding the capital, Reykjavik. This was the site of Arnarson's settlement, which he named the "bay of smoke" after the steam escaping from the geothermal fissures and pools. Today the city takes a bit of getting used to. Despite more than a millennium of history, there is little that is even 100 years old.

Concrete, glass and steel dominate - for the traditional stone and turf houses, the wooden churches and public and farm buildings you have to visit the Folk Museum in the suburbs. The city is quite cheerful if



Blue Lagoon hot spring lake outside Reykjavik

you can get up above it and enjoy the painted roofs. The best way to do this is to take the lift and ascend the 73-metre Hallgrímskirkja tower (church of Hallgrímur, Iceland's most popular poet and hymn writer). Already on a hill in the city, the view from the top is splendid on a good day. The ecclesiastical piped music as you ascend is a nice, angelic touch.

From this vantage point there is a clear view of the city's main central heating facility. Known as the Pearl, it is a huge glass dome atop six silver-coloured tanks holding up to 34m litres of hot water. This heats all the houses and offices in Reykjavik. Hot water from geothermal springs is pumped up the hill and then pipes and gravity take it to the buildings below. The Pearl is constructed out of steel pipes, through which hot water flows in the winter and cool water in the summer - in effect, the building itself is a giant radiator.

In the dome is a cafeteria, bar and a revolving restaurant. A mechanical simulation of a geothermal geyser, sending water up through the building at regular intervals, adds to the James Bond film-set feel of the place, especially at night, with air-

## Information

■ Christopher McCooley was a guest of Icelandicair (tel: 0171-388 5555 fax: 0171-387 5711), which flies from Glasgow and Heathrow, and the Icelandic Tourist Board.  
■ A Breakaway package of two nights at the Grand Hotel in Reykjavik including flights, transfers and breakfasts starts at £298 a person.  
■ For a comprehensive information pack write to: Iceland Brochure Unit, 179 Kings Road, Kingston-upon-Thames, Surrey, KT2 5JH.

craft, seemingly just the other side of the 1,176 glass panels, landing and taking off from the nearby airport. Much of the geothermally heated water comes from the heat exchange plant next to the Blue Lagoon, a huge hot spring lake just outside the city. Used for bathing year round, the water's colour is that of a summer's sky, a result of the high natural levels of silica, minerals and algae. The rest of the water comes from hot springs within the city.  
Reykjavik's main shopping street, which runs east-west through the city, leads to these in Laugardalur dis-

trict. It was here that the women used to gather to gossip and do the washing in the days before machines. Laugardalur is still a centre for the community; it has an Olympic-size pool, one of 11 in the city. Icelanders of all generations use them - businessmen before work, children during school (swimming lessons are mandatory and students cannot graduate without passing a swimming test), retired people after chess club (Iceland has nine grand masters).

Although the outdoor temperature might be freezing, the Laugardalur pool is a pleasant 27°C and alongside it are "hot pots" - up to a tingling 45°C for soaking. There is also a sweet room for getting rid of hangovers (if you can afford it, the hangover that is).

Reykjavik's night-life is fine if you like nursing a small beer and shouting at your partner for four hours to jerky music. The best idea is to do your drinking at home (or in your hotel room) and hit the hot spots (the ones with the longest queues) after 11pm. Four hours later, the streets heave good naturedly with rowdy groups all hoping to hail the only free taxi.  
This is very much a young person's scene, which explains why a member of the pop group Blur owns an apartment and a café bar in the city. And for those who love designer fashion, Reykjavik is The Place for traditional Icelandic knitwear or a dress made from tanned sheep's stomachs. Or for that special occasion around Christmas - reindeer leather trousers with a fish-skin house. Visitors get the VAT refunded.

The food in Iceland is wonderful, but politically incorrect. I found the guillemot a bit dry, the ptarmigan soup delicious (made with cream, wild thyme and caps), the whale like eating oily liquorice, the reindeer pâté most pleasing on the palate. Fortunately the soured lamb's testicles were out of season.

And do not agonise over the puffin - with numbers estimated between 8m and 10m, the few thousand that are netted and stuffed or eaten suggests sustainability.



## INTERNATIONAL ARTS GUIDE

## What's on in the principal cities

## AMSTERDAM

## CONCERT

Concertgebouw Tel: 31-20-6718345  
 ● Koninklijk Concertgebouworkest, with conductor Esa-Pekka Salonen perform works by Debussy, Stravinsky and Bartok; Apr 16, 17, 18

## EXHIBITION

Nederlands Scheepvaartmuseum Tel: 31-20-5232311  
 ● Maritieme Meesters. Scheepvaart op Tekeningen, 1600-1800: exhibition featuring some 100 drawings providing a varied image of shipping at the time of the Dutch Republic. The works reflect shipping's status as the principal pillar on which the country's power rested; to Jun 30

## OPERA

Het Muziektheater Tel: 31-20-5518117  
 ● Il Re Pastore: by Mozart. Conducted by Graeme Jenkins, performed by De Nederlandse Opera. Soloists include Juliane Banse, Cyndia Sieden and Richard Croft; Apr 15, 17

## ATHENS

## CONCERT

Athens Concert Hall Tel: 30-1-7282333  
 ● Staatskapelle Dresden: with conductor Giuseppe Sinopoli perform works by Schubert, Mahler and Bruckner. Part of the Schubert-cycle; Apr 15, 16

## BARCELONA

## EXHIBITION

Fundació Joan Miró Tel: 34-3-3291908  
 ● Flying Over Water. The Icarus Adventure: An Exhibition by Peter Greenaway. British film director Peter Greenaway approaches the universal theme of the human desire to fly with a large installation occupying the entire exhibition space; to May 25

## BERLIN

## CONCERT

Philharmonie Berlin - Grosser Saal & Kammermusiksaal Tel: 49-30-2614383  
 ● Deutsches Symphonie-Orchester Berlin: with conductor Dietrich Fischer-Dieskau, violinist Igor Budinstein and soprano Julia Varady perform works by Berlioz and Wagner; Apr 15, 16  
 ● Tonhalle-Orchester Zürich: with conductor David Zinman and cellist Yo Yo Ma perform works by Dvorak and Schubert; Apr 18

## EXHIBITION

Gemäldegalerie - Bodemuseum Tel: 49-30-209050  
 ● Herren der Meere - Meister der Kunst. Das holländische Seebild im 17. Jahrhundert: exhibition featuring 17th century Dutch marine paintings. On view are works by artists including Hendrik Cornelisz Vroom, Willem van de Velde, Jan Porcellis and Simon de Vlieger; to May 25

## OPERA

Deutsche Oper Berlin Tel: 49-30-3438401  
 ● Der Fliegende Holländer: by Wagner. Conducted by Rafael Frühbeck de Burgos, performed by the Deutsche Oper Berlin. Soloists include Friedemann Kunder, Julia Varady, Jorma Silvasti and Nadja Michael; Apr 16

## BONN

## EXHIBITION

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200  
 ● Die Grossen Sammlungen VI: Zwei Gesichter der Eremitage: selection of works from the collection of the Hermitage Museum in St Petersburg. Included in the exhibition are 150 gold objects from the Sothys (7th to 3rd century BC) as well as works by late 18th century and 17th century Italian, Spanish and French artists, including Caravaggio, Carracci, Reni, Velázquez, Murillo and Poussin; to May 19

## OPERA

Oper der Stadt Bonn Tel: 49-228-7281  
 ● Parsifal: by Wagner. Conducted by Jeffrey Tate, performed by the Orchester der Beethovenhalle Bonn and the Oper der Stadt Bonn. Soloists include Harry Peeters, Stephen Richardson and Franz-Josef Selig; Apr 13, 19

## BRUSSELS

## CONCERT

Palais des Beaux-Arts Tel: 32-2-5078200 (Concerts)  
 ● Koninklijk Filharmonisch Orkest: with conductor Lothar Zagrosek, alto Violeta Urmana and the Düsseltdorfer Konzertchor perform works by Wagner, Schoenberg, Brahms, Schubert and Strauss; Apr 17

## EXHIBITION

Palais des Beaux-Arts Tel: 32-2-5078200  
 ● De Kunst van het Verzamelen: exhibition of 20th century works of art from the collections of five Dutch museums: the Van Abbemuseum (Eindhoven), the Haags Gemeentemuseum (The Hague), the Museum Boymans van Beuningen (Rotterdam), the Museum Kröller-Müller (Otterlo) and the Stedelijk Museum (Amsterdam). Artists represented include Picasso, Mondrian, Dibbets, Nauman, Malevich, Braque, Leger, Dubuffet, Jorn and Klien; to May 25

## BUDAPEST

## EXHIBITION

Hungarian National Gallery Tel:



Wendy Ewald, 'Johnny Wilder, Kentucky, 1961', part of the 1997 Biennial Exhibition at the Whitney Museum in New York

36-1-17575333  
 ● Magnificat anima mea dominum: display of fine art from the late Gothic period, with the restored panel painting 'The Visitation', dated 1506 and signed by Master M.S., a particular highlight; to May 25

## CANBERRA

## EXHIBITION

National Gallery of Australia Tel: 61-6-240-6411  
 ● The Europeans: Emigré Artists in Australia 1930-1960: display of more than 200 works covering a wide range of media, by artists who emigrated to Australia from the 1930s to the 1960s. Paintings, drawings, photographs and prints, sculpture, ceramics, fashion, jewellery, furniture and architectural drawings are all featured, representing a number of European art movements, including Russian Constructivism, Bauhaus, Wiener Werkstatte and de Stijl; to Jun 9

## CHANTILLY

## EXHIBITION

Musée Condé Tel: 33-3-44-570800  
 ● Raphaël et son Cercle: exhibition marking the centenary of the death of art collector and donor duke Henri d'Orléans, featuring 54 drawings by Raphael and his pupils, including Giulio Romano, Perino del Vaga and Polidoro da Caravaggio; to May 29

## CHICAGO

## EXHIBITION

Museum of Contemporary Art Tel: 1-312-280-2660  
 ● Crimes and Splendors: The Desert Cantos of Richard Misrach: display of 200 photographs of the American desert, taken from Misrach's Desert Cantos series, begun in 1969. Images include natural and man-made disasters, space shuttle landings, military activities and mysterious deaths and burials of animals; from Apr 19 to Jun 29  
 ● Performance Anxiety: exhibition featuring both existing and new installations by artists including Angela Bullock, Willie Cole, Paul McCarthy and Nikriti Trivani; from Apr 19 to Jun 8

## COLOGNE

## EXHIBITION

Museum Ludwig Tel: 49-221-2212379  
 ● Jasper Johns: retrospective exhibition devoted to the work of the American artist spanning four decades of artistic achievement, from his early paintings of flags and targets to recent densely layered canvases. Drawn from public and private collections throughout the world, the exhibition comprises approximately 200 paintings, works on paper, and sculptures, including recent work never before shown to the public; to Jun 1  
 ● Schnütgen Museum Tel: 49-211-2212310  
 ● Beuys und das Mittelalter: exhibition examining the influence of the Middle Ages in the work of artist Joseph Beuys. Common characteristics with work from the period include usage of colour as symbolism; to Apr 27

## DUBLIN

## CONCERT

National Concert Hall Tel: 353-1-6711888  
 ● National Symphony Orchestra of Ireland: with conductor Alexander Anissimov and pianist John O'Connor perform works by Smetana, Mozart and Brahms; Apr 18

## EDINBURGH

## EXHIBITION

Royal Museum of Scotland Tel: 44-131-2257534  
 ● Shibata Zeshin: Masterpieces of Japanese Lacquer from the Khalili



Rupert Graves and Susannah Doyle in 'Hurry Burly' at the Old Vic in London

Collection: exhibition of works by Zeshin, the first lacquer craftsman to be widely known outside Japan in his own lifetime (1807-1891). On display are 70 pieces, ranging from writing boxes and sake-cups to miniature medicine-cases and decorative panels; from Apr 18 to Oct 1

## FORT WORTH

## EXHIBITION

Kimbell Art Museum Tel: 1-817-332-8451  
 ● Georges de la Tour and His World: exhibition bringing together 32 paintings by the 17th century French painter and 10 works by leading contemporaries, including Caravaggio, Jacques Bellange, Simon Vouet and Hendrick ter Brugghen. La Tour is best remembered for his realistic portrayal of scenes from everyday life, such as beggars, musicians and cardplayers and for the dramatic themes of his religious works; to May 11

## FRANKFURT

## CONCERT

Alte Oper Tel: 49-69-1340400  
 ● Katia and Marielle Labèque: the pianists perform works by Mozart, Debussy and Tschalkovsky; Apr 16

## EXHIBITION

Schirn Kunsthalle Tel: 49-69-2996820  
 ● Sammlung Aargauer Kunsthaus Aarau: display of 184 works by Swiss artists, from the time of the Enlightenment to the present day. Artists represented include Böcklin, Füssli, Klee, and Vallotton; to Jun 1

## OPERA

Städtische Bühnen Oper, Ballett, Schauspiel Tel: 49-69-2123744  
 ● Fidelio: by Beethoven. Conducted by Sylvain Cambreling, performed by the Oper Frankfurt. Soloists include Henk Smit, Patrick Raftery and Kristina Ciesinski; Apr 16, 19

## GENOA

## EXHIBITION

Palazzo Ducale Tel: 39-10-562440  
 ● Van Dyck a Genova - Grande pittura a collezionismo: exhibition examining the years Flemish painter Anthony van Dyck (1599-1641) worked in Genoa. The display features some 40 of Van Dyck's paintings as well as works by artists including Titian, Caravaggio, Rubens, Vouet, Strozzi, Procaccini, Gentileschi and Cambiaso;

works by Tchaikovsky, Rimsky-Korsakov, Saint-Saëns, Donizetti and Rossini; Apr 18

## EXHIBITION

Spink & Son LTD. Tel: 44-171-9307888  
 ● An Artist's Pilgrimage from Canterbury to Rome: display of 100 watercolours by John Doyle, commissioned by the Dean of Canterbury to mark the 1400th anniversary of the Augustine Mission to Kent in AD597. Doyle retraced the footsteps of St Augustine, walking from Canterbury to Rome, painting places and views along the way; to Apr 25

## THEATRE

Old Vic Tel: 44-171-928-2651  
 ● Rupert Graves leads the cast in the British stage premiere of David Rabe's black comedy Hurly Burly, first in a season of new plays to be performed on Sundays and Mondays by the Peter Hall Company. The director is Wilson Milant; Apr 13, 14, 20, 21.

## OPERA

Royal Opera House - Covent Garden Tel: 44-171-2129234  
 ● Otello: by Verdi. Conducted by Myung Whun Chung, performed by the Royal Opera. Soloists include Kallen Espersen, Leah-Marian Jones, Vladimir Bogachov and Robin Leggate; Apr 17

## LOS ANGELES

## EXHIBITION

Los Angeles County Museum of Art Tel: 1-213-857-8000  
 ● Exiles and Emigrés: 1933-1945: exhibition focusing on the work of 23 painters, sculptors, photographers and architects in exile during the years of Nazi rule. It includes works by Kandinsky, Ernst, Chagall, Gropius and van der Rohe; to May 11

## MARTIGNY

## EXHIBITION

Fondation Pierre Gianadda Tel: 41-27-7223978  
 ● Raoul Dufy: exhibition featuring a selection of works from 15 series of paintings by the French artist Raoul Dufy. The works on display come from European and American museums and private collections, including the Centre Georges Pompidou in Paris, the Metropolitan Museum in New York and the Phillips Collection in Washington; to Jun 1

## MILAN

## CONCERT

Teatro alla Scala di Milano Tel: 39-2-58791  
 ● Orchestra Filarmonica della Scala: with conductor Carlo Maria Giulini perform works by Schubert and Brahms; Apr 16, 17, 19

## MONTE CARLO

## DANCE

Salle Garnier Tel: 33-93 15 83 03  
 ● Printemps des Arts de Monte-Carlo: this year's festival includes performance by the Nederlands Dans Theater 1. Les Arts Florissants, the London Philharmonic Orchestra and the Freiburger Barokorchester with guest soloist Barbara Bonney; to May 5

## MUNICH

## EXHIBITION

Haus der Kunst Tel: 49-89-211270  
 ● Richard Lindner - Retrospektive: the first large-scale exhibition of the illustrator and pop artist since his death in 1978. On display are 66 pieces, covering his early work from the 1940s through to later paintings where he used bold colours to recreate everyday images; to Apr 27  
 ● Kunsthalle der Hypo-Kulturstiftung Tel: 49-89-224412  
 ● Alberto Giacometti: display of works

by the Swiss sculptor, with over 60 pieces selected from the Fondation Maeght in St Paul-de-Vence; from Apr 17 to Jun 29

## NEW YORK

## CONCERT

Avery Fisher Hall Tel: 1-212-875-5030  
 ● New York Philharmonic: with conductor André Previn and soprano Sylvia McNair perform works by Haydn, Mozart, Previn and Ravel; Apr 17, 18, 19

## EXHIBITION

The Pierpont Morgan Library Tel: 1-212-685-0008  
 ● Tiepolo and His Circle: Drawings in American Collections: exhibition featuring drawings by the 18th century Venetian artist Giambattista Tiepolo in a variety of media at every stage of his long career. These works are supplemented with others by such artists as Sebastiano Ricci and Giovanni Battista Piazzetta, both of whom greatly influenced Tiepolo's style; to Apr 13  
 ● Whitney Museum of American Art Tel: 1-212-327-2801  
 ● The 1997 Biennial Exhibition: the museum's eagerly awaited, often controversial two-year survey of American art this year balances older and younger artists and includes for the first time artists not born in the US. Includes paintings, films, videos and installations by around 70 artists; to Jun 1

## OPERA

Metropolitan Opera House Tel: 1-212-362-6000  
 ● Die Walküre: by Wagner. Conducted by James Levine, performed by the Metropolitan Opera. Soloists include Deborah Voigt and Plácido Domingo; Apr 17

## PARIS

## EXHIBITION

Galerie Nationales du Grand Palais Tel: 33-1 44 13 17 17  
 ● Angkor et Dix Siècles d'Art Khmer: exhibition displaying 113 examples of Cambodian art, including a number of stone, bronze and wooden sculptures. The exhibition draws mainly on the collections of the National Museum of Phnom-Penh and the National Museum of Asian Art in Guimet; to May 26  
 ● Institut Néerlandais Tel: 33-1-53 59 12 40  
 ● Kees Van Dongen retrouvé. L'œuvre sur papier 1895-1912: display of work by the Dutch artist who settled in Paris in 1897, quickly gaining a reputation as a society painter; from Apr 17 to Jun 8

## OPERA

Théâtre du Châtelet Tel: 33-1 42 33 00 00  
 ● Lohengrin: by Wagner. Conducted by Daniel Barenboim, performed by the Staatskapelle Berlin and the Choir of the Deutsche Oper Berlin. Soloists include Emily Magee, René Pape and Falk Struckmann; Apr 13, 18, 19

## PHILADELPHIA

## EXHIBITION

Philadelphia Museum of Art Tel: 1-215-763-8100  
 ● The Ingenious Machine of Nature: Four Centuries of Art and Anatomy: display of 120 works of art examining the parallel histories and relationships between artists and anatomists over the past 400 years. Featured artists include Raphael, Dürer, Rubens and Hogarth; from Apr 19 to Jun 15

## SYDNEY

## EXHIBITION

Museum of Contemporary Art (Inc. Power Gallery of Contemporary Art) Tel: 61-2-241-5876  
 ● Asia Pacific Triennial - artists from China: exhibition of work reflecting the transitional and experimental nature of contemporary Chinese art. Featured artists include Wang Guang Yi, Zang Xiangang and Chen Yan Yin; to Jul 20

## THESSALONIKI

## EXHIBITION

Thessaloniki Cultural Capital '97 Tel: 30-51-867860-6  
 ● Caravaggio: exhibition of works by Michelangelo Merisi da Caravaggio (1573-1810), shown alongside a number of works by his followers, known as the 'Caravaggeschi': Bartolomeo Manfredi, Orazio Gentileschi, Carlo Saraceni, Orazio Borgianni and Battistello Caracciolo. The display takes place at the Government House (the Little Palace); from Apr 16 to Jun 15

## TOKYO

## CONCERT

Suntory Hall Tel: 81-3-35849999  
 ● Yomiuri Nippon Symphony Orchestra Special Concert: with conductor Nello Santi perform works by Rossini, Dvorak and Brahms; Apr 13, 14

## VIENNA

## OPERA

Wiener Staatsoper Tel: 43-1-514442960  
 ● Hérodiade: by Massenet. Conducted by Vitti and performed by the Wiener Staatsoper. Soloists include Coelho, Baftsa and Carreras; Apr 17

## WASHINGTON

## CONCERT

Eisenhower Theater Tel: 1-202-467 4800  
 ● National Symphony Orchestra: with conductor Leonard Slatkin and soprano Carmela Johnson perform works by Wagner and Strauss; Apr 17, 18, 19

Listing selected and edited by ArtBase The International Arts Database, Amsterdam, The Netherlands. Copyright 1997. All rights reserved.  
 Tel: 31 20 664 6441. E-mail: artbase@pi.net



# Weekend Investor

London

## A cool summer, not a scorcher

Ross Tieman sees no cause for over-confidence

The sun has been shining in London for a fortnight. Strolling in shirt sleeves, it is hard to miss the builders' skips and scaffolding that clutter the suburbs. Official figures show the number of new private sector homes started during the three months to the end of February rose by 30 per cent while shares in building and construction companies have picked up, outperforming the FTSE All-Share index by 8 per cent during the first quarter. The long-drawn-out economic spring is giving way to economic summer.

The London market has now factored in the prospect of a half-point rise in interest rates next month, and the possibility of a Labour government. In the absence of any clear lead from Wall Street, investors are biding their time.

During the past week, the FTSE 100 index has added around 34 points to 4270.7, while the All-Share has risen 14.93. But the gains are deceptive. An upward blip in utilities, arising from hopes that Labour's proposed windfall tax on excess profits might prove closer to £5bn than the £10bn many have feared, accounts for most of the rise. Nonetheless, investors are beginning to think a little harder about the economic cycle.

Until now, this has been a strange recovery - shapeless and insubstantial. Remember all that fuss about green shoots before the last UK election, five years ago? Now, no one can mistake the sound of trowel on brick - provided they are in London, that is, for recovery so far has been localised geographically and often industry-specific. This hesitancy has made it tricky for investors to profit by backing a sector poised to benefit from the recovery, bailing out once

the shares pick up, and moving on to the next sector in line.

In a conventional recovery, there is a clear pattern for investors to anticipate. An increase in demand triggers more orders from factories, which increase production until scarcity causes prices to rise and excess demand is choked off. Profits in each sector of the economy rise at different stages in the cycle.

The present pick-up in house-building and construction is reminiscent of events in 1985 or 1986. It suggests,

for instance, that consumers have regained sufficient confidence to increase their level of borrowing, and that enough companies have reached the limits of their office and manufacturing space to require more. It is a sign, in other words, of an economy where recovery is now well developed - although still some way from its peak.

A series of better-than-expected profits from Britain's house-builders in the latest results round, combined with positive trading statements, underlies a modest

rise in that sector's shares. The next obvious beneficiary of this increase in construction activity is the building materials sector, where a re-rating is just getting under way. The best-performing share in the FTSE 100 on Wednesday was Hanson, a former market dullard but now a building materials and construction equipment company.

If past patterns are repeated, DIY stores and makers of household goods will, in turn, start to do well. New houses have to be furnished, old ones modernised.

House prices in the capital are rising fast, making home-owners feel more prosperous. These feelings are already reflected in sales of new cars. Motor distributors reported improved profits during the results season and, with record car sales forecast this year, the market upturn is expected to continue.

Yet this spring sunshine is deceptive. Apart from being localised, the pick-up in construction comes from a low base. Then too, capacity constraints can appear quickly in construction.

UK gross domestic product grew by an unremarkable 2.3 per cent last year. According to the Confederation of British Industry, it will reach 2.8 per cent this year but ease to 2.6 per cent in 1998. If the CBI is right, this will be a cool economic summer rather than a scorcher.

That prognosis seems to be confirmed by the evidence from the stock market. Strategists say there are few signs of a runaway surge in mid or late cycle sectors. Capacity shortages are rare. Inflation is weak.

Underlying trends have become ever more difficult to discern. One reason is the improvement in business efficiency, which has dampened the build-up and run-down of manufacturers' stocks that used to accentuate the upswings and downturns. Another is the disconnection of the UK economic cycle from those in continental Europe. Weak sterling helped to revive the UK manufacturing sector, now, a strong pound is stifling its growth.

Long-term structural shifts cloud the picture too. Consolidation is lifting financial services. Pharmaceuticals benefit from our predilection to spend more on health as we grow richer.

The strategists' response to such a complex web of trends is to focus on the strengths and weaknesses of particular companies. This is a stock-picker's market. Because the trend is uncertain, marketmakers are carrying minimal stocks of shares.

In consequence, brokers' buy notes have been causing disproportionate rises in share prices, with this volume traded.

Sector trends are a useful starting point but, right now, a good knowledge of the companies within those sectors is more important still.

Wall Street / John Authers

## A buying opportunity

Wall Street spent the week ending itself that the market had finally found a new level after its frightening fall of late March, a belief generally borne out by the way it returned to the volatility which had been characteristic for much of the previous four months.

With the Dow Jones Industrial Average at almost exactly the level it had reached on New Year's Day, and the technology-rich Nasdaq Composite some 10 per cent down from its peak, most of the froth has now been knocked off the top of the market.

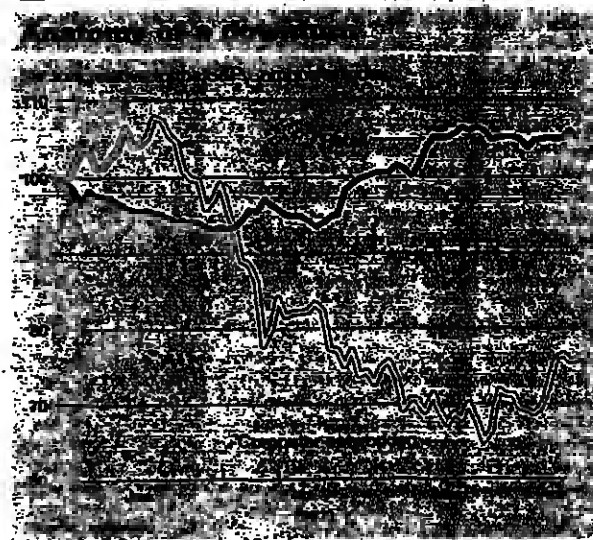
The task now is to find the next sectors and stocks to out-perform. Some believe that this requires finding a guard against inflation at the same time.

There is no question that the stocks which have been leading the prolonged bull market, and looked most over-valued, suffered the sharpest correction. For the year to date, the single poorest performing sector tracked by Standard & Poor's is computer networking. It has shed 30.48 per cent. The Nasdaq composite, a good proxy for the broader high-technology sector, started the year at 1281, got as far as 1288 by the third week of January, a gain of 7.5 per cent. But it spent the week hovering around 1280, 10 per cent off its peak.

This has not been uniform across all high-technology companies, however. The semiconductor sector is still showing comfortable growth for the year.

Meanwhile, the financial sector, buoyed both by low interest rates and almost continuous consolidation through mergers in the past two years, has also seen some of its shine forcibly removed. But, again, the pattern is not uniform. Consumer finance companies, vulnerable to high levels of personal bankruptcy, are down 6.5 per cent for the year, and continued tightening by the Federal Reserve cannot help them. This is also bad news for the banks with large credit card businesses. But savings and loans companies, the US equivalent of building societies, are up 17.5 per cent, as they continue to surf a wave of aggressive hostile bids.

The search for value in both financials and technology stocks will continue, but



analysts' attention is now moving to traditional guards against a downturn.

Consumer staples, such as pharmaceuticals, food, and retailing, are all finding their way on to investment houses' "buy" lists, as are real estate investment trusts, now the easiest way of investing in property. Healthcare, another sector where demand remains immune to the vagaries of the economic climate, is also popular, despite the continuing tangled politics surrounding the sector. And oil companies and utilities are moving up in the popularity stakes.

While analysts redesigned their portfolios, they also indulged in a renewed dose of speculation about Wall Street's faithful ally, the S&P 500, through the rally of the past two years - the small investors who have put money into mutual funds.

The technical importance of this new money is open to question, but its psychological importance is beyond doubt. Even Securities, of Chicago, suggests that last year the record amounts going into mutual funds was the single strongest factor influencing market sentiment. This year, it says, the flows still rank second in dealers' minds.

So this week's news that cash flowing into mutual funds halved in March compared with the previous month had a depressing effect on the market. According to estimates by the Investment Company Institute, about \$3.5bn flowed into equity funds last month, down from \$18.45bn the month before. Last year the funds averaged monthly inflows of more than \$24bn

for the first five months.

Technical factors suggest this figure may be worse than it first appears, as fund companies normally benefit at this time of year from tax-related sales. Further, more detailed analysis of the flows shows that the money was predominantly moving into large-capitalisation stocks, or into money funds, which do not invest in stocks at all. Last year, appropriately named, "aggressive growth" funds, many of them specialising in small technology companies, had attracted the bulk of funds.

While fund firms tentatively report that sales have slipped a little this month, suggesting that some investors are confident enough to treat the market's recent behaviour as a buying opportunity, it seems plain that small investors did not have the appetite to buy in the teeth of last month's correction.

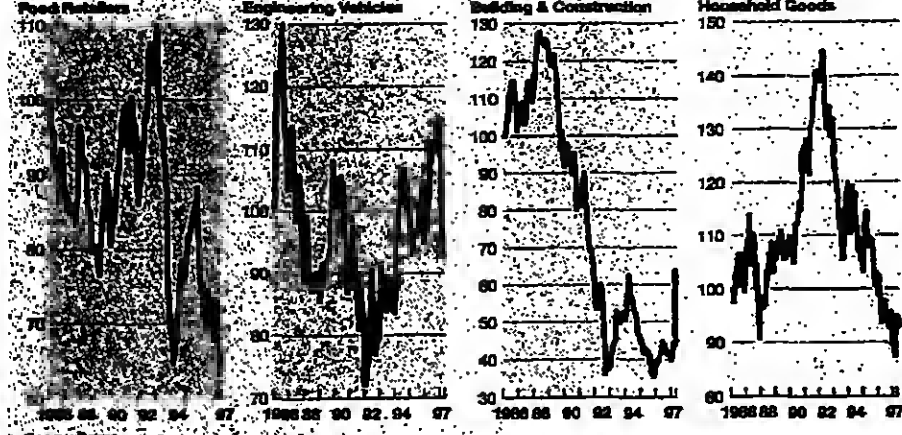
In the long run the most important lesson for the market is that mutual fund investors who were already in the market have shown that they can keep their heads while markets head downwards, despite the condescending suspicions of professional investors in New York.

All the historical evidence is that money does not flow out of mutual funds when there is a sharp correction - the industry even recorded a net inflow for 1997, the year of the sharpest fall on Wall Street on record. But that was before the modern era where funds can be sold instantaneously via the telephone or the Internet.

Last month shows that investors did not use this newly gained flexibility to exit the market en masse.

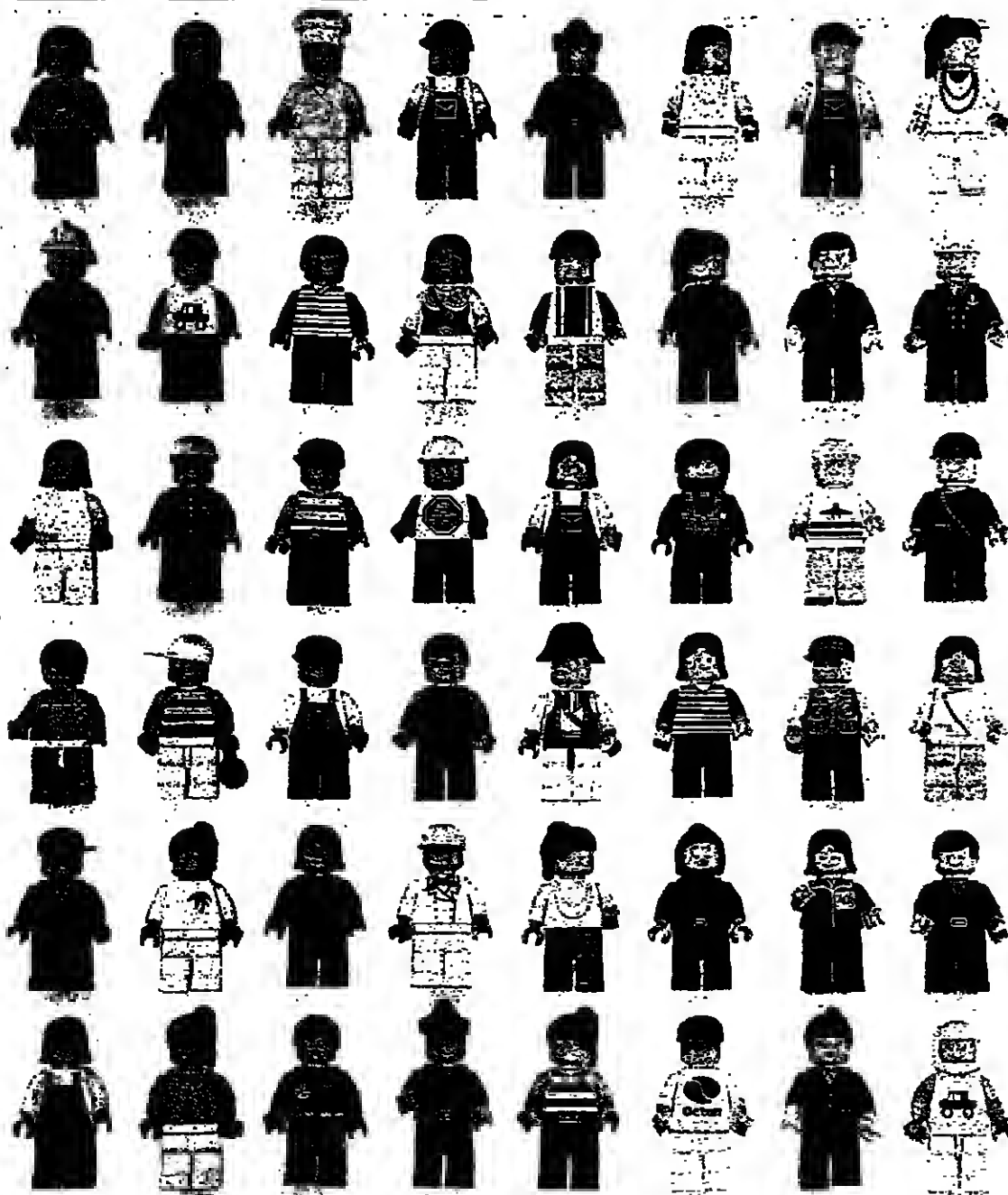
### Learning to ride the cycles

Sectors relative to the FTSE All-Share Index



### Highlights of the week

Company	Change	52 week High	52 week Low	Notes
FTSE 100 Index	+34.1	4444.3	3612.6	Strength in utilities
Allied Domecq	+19	558	407%	Slump in whisky sales
Ashtree (Laur)	+14%	220%	125%	Strong retail sales environment
Blackpool	+222%	1430	355%	Contact lens deal in US
Hanson	+21%	242%	242%	Hopes for US construction/Tarmac sign
Oxford Molecular	+22	475	249%	New software package launched
RJB Mining	+98%	625	351%	Hopes of power station deal
Temple Life	+34	1261	29%	DNB recommendation
SmithKline Beecham	+45	360%	624%	Positive comment
United Utilities	+42	697	529	Windfall tax fears recede
Zeneca	+111	1930	1234	Patent challenge rejected



### SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left.

You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand.

We know you can't give them back the things that others have taken away.

We're not even asking for money (though every cent certainly helps).

But we are asking that you keep an open mind. And a smile of welcome.

It may not seem much. But to a refugee it can mean everything.

UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world.

UNHCR Public Information  
P.O. Box 2500  
1211 Geneva 2, Switzerland



United Nations High Commissioner for Refugees



Barry Riley

## Major's 5-year hitch

Despite apparent Tory advances, trouble looms

Unusually, the present British government has lasted a full five years; the anniversary fell on Wednesday but it was uncelebrated, as far as it could tell. On the face of it, though, investors have much for which to thank the expiring Conservative administration. The All-Share Index has risen 80 per cent in five years, achieving an annualised total return of 15 per cent.

The share of company trading profits in gross domestic product has zoomed from under 12 to more than 15 per cent - although this has been at the expense of employees, who will do all the voting on May 1 and may well take their revenge.

Meanwhile, the long-dated gilt yield has fallen from 9.5 to 7.8 per cent, generating an annualised total return of 12 per cent in the process. Only building society depositors have reason to feel aggrieved at the paucity of their recent returns, but many millions of them are now cashing in on demutualisation windfalls.

In many respects, Britain's economic performance has improved. Inflation was running at 4 per cent last polling day and has eased to 2.7 per cent.

The 1992 election marked almost the precise bottom of the recession, and the economy soon began to grow - by 2.1 per cent annually on average over the full five years, but by a more impressive 2.9 per cent over the

past three. Unemployment, with some assistance from the statisticians, has tumbled by more than a third from its early 1993 peak. Sterling slumped, but has clawed its way back to a trade-weighted index level of 98.7 against 98.1 on April 9 1992.

Much of this looks very good and, in general, the Major administration's detailed micro-economic policies often have been very fruitful - if somewhat over-dependent on foreign investment. But macro-economic policy has been erratic and, recently, quite perverse.

There are strong hints - as with the 11 per cent growth in broad money over the past year, and the doubling of the national debt since 1992 - of renewed troubles to come.

Five years ago, at any rate, the fiscally prudent Labour party lost and John Major's government blundered straight into a crisis. Initially, the economy weakened further under the burden of the 10 per cent-plus interest rates required by membership of the European exchange rate mechanism. Sliding house prices created the unprecedented nightmare of negative equity.

Within six months, the UK was dumped from the ERM and, with the public sector borrowing requirements soaring towards £50bn, or 6 per cent of GDP, early in 1993, the government formally reneged on its tax-cutting promises by launching a two-stage plan

for a big rise in revenues. Kenneth Clarke in his first Budget speech as chancellor in November 1993, said this was to sort out the public finances "once and for all".

The revenue forecasts, however, have been repeatedly over-optimistic. The PSBR has run at an average of 5 per cent of GDP through this five-year term. This week, an analysis by the independent Institute for Fiscal Studies generated much hot air from the rival politicians about whether taxes have or have not risen enough - or, rather, borrowing (which is deferred taxation) has filled the gap. In five years, the net debt of the public sector has risen from £168bn to an estimated £245bn - call it £3,000 extra for every British citizen.

From such a terrible start, the government was forced into an exaggerated version of the old tough-and-tender routine: pile on the agony in the first two years, then try to whip up a sense of euphoria ahead of the next election. Major is now proclaiming that this boom (no longer downswing) is "steady growth" - but seems mystified that it is not reflected in the public opinion polls. Perhaps the electorate has seen it all before.

Once again, the absence of an independent central bank is allowing UK politicians to play fast and loose ahead of an election. In two

years, the broad money supply has risen by an aggregate 26 per cent. Inflation has been only 5 per cent cumulatively over those two years, but is quite certain to rise significantly by 1998.

In any case, Clarke has missed his target of underlying inflation of 2.5 per cent or less by the end of the parliament. The actual figure when parliament disbanded was 2.9 per cent, and any fall in the next few months (in fact, there could be a drop next week) will be temporary.

Meanwhile, that discredited standby, a house price upsurge, is being relied on to restore the suburban housing factor.

Even more seriously, the urgent pursuit of a re-election strategy has pre-empted the government's European policy. Whatever the political arguments about monetary sovereignty, as a practical matter there must be convergence of fiscal and monetary policies if the option is even to remain open.

Continental Europe's economic cycle happens to be at such a stage that convergence would require sharp rises in UK taxes so that interest rates could be brought down. In fact, the reverse policies are being followed (although interest rates are frozen until after the election). Ironically, therefore, the pro-European Clarke has himself closed off the single currency option.

Five years, it seems, may not have been long enough.



## WEEKEND INVESTOR

## Last week's preliminary results

Company	Sector	Year	Pre-tax profit (£000)	Basic EPS	Dividend per share (p)
AFA Systems	AM	Dec	913 (1)	(1)	(1)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)

## Results due next week

Company	Sector	Year	Pre-tax profit (£000)	Basic EPS	Dividend per share (p)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)

\*Dividends are not pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about six weeks after the latest meeting to approve results. 1st quarter, 2nd quarter, 3rd quarter, 4th quarter. This list is not necessarily comprehensive since companies are no longer obliged to notify the SEC of imminent announcements.

## Last week's interim results

Company	Sector	Year	Pre-tax profit (£000)	Basic EPS	Dividend per share (p)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)

(Figures in parentheses are for the corresponding period) \*Dividends are shown net pence per share, except where otherwise indicated. 1st quarter, 2nd quarter, 3rd quarter, 4th quarter. This list is not necessarily comprehensive since companies are no longer obliged to notify the SEC of imminent announcements.

## Bids/deals

## Hostile bid collapses

The £192m hostile bid for Capital Corporation by London Clubs, operator of the Ritz casino, lapsed on Monday after the Department of Trade and Industry referred the proposed merger to the Monopolies and Mergers Commission, writes David Blackburn.

The collapse of the 47-for-100 share bid could open the way for new deals, including the arrival of new competitors, in the £1.7bn London casino market.

Mr Alan Goodenough, chief executive of London Clubs, described the decision as "given that it's an international business and that it's highly regulated."

Renewing the bid was an option depending on

report from the MMC due on July 7.

Tomkins, the UK conglomerate, has paid US\$960m (£374m) for US car parts maker Stant Corporation, a leading manufacturer of windshield wipers for car assemblers and the automotive after-market.

The purchase is a bolt-on acquisition to Gates Corporation, the US-based maker of vehicle hoses and industrial belts for which Tomkins held £1.16bn in July last year.

The group on Wednesday signed a merger agreement with Stant, which is quoted on Nasdaq, and agreed to make a tender offer for all the shares at \$21.50 each, valuing Stant at \$406m.

It will also assume Stant's net debt of \$200m.

## Current takeover bids and mergers

Company	Sector	Year	Pre-tax profit (£000)	Basic EPS	Dividend per share (p)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)

Prices in pence unless otherwise indicated. \*All cash offer. \$For capital not already held. †Unconditional. \*\*Based on lunchtime prices 11/4/97. \$5Shares and cash. Merging with Mercury Communications, Bell CableMedia & Videotext to form Cable & Wireless Comm. Full value of merger \$4.55bn.

## Directors' share dealings

Company	Sector	Year	Pre-tax profit (£000)	Basic EPS	Dividend per share (p)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)
Alcatel	TELE	Dec	7,458 (1,000)	4.6 (1)	1.02 (1.08)

## New issues

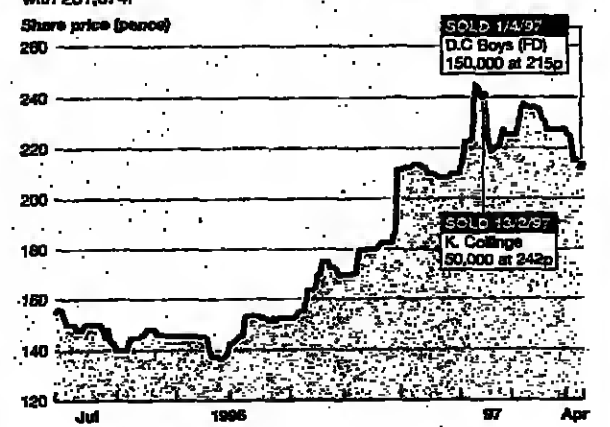
Two planned US offerings - Polo Ralph Lauren and USA Global Link, the telecoms company - were this week's highlights, writes Virginia Mark. PRL, which is to list in New York, announced a \$600m initial public offering. Designer Ralph Lauren will be the main beneficiary and the other main shareholder is investment house Goldman Sachs.

## Rights issues

Break for the Borden is to raise £3m via a 1 for 4 in 5p rights issue of 6.5m shares. Redwood Mineral Holdings is to raise £3.1m via a 5 for 8 at 50p rights issue of 16.2m shares.

## Whittard of Chelsea

Aim-listed Whittard retails quality teas, coffees, ceramics and chocolates. Finance director David Boyle's sale of 150,000 shares leaves him with 231,674.



Source: The Inside Track, Edinburgh

## In the Pink

## Do not be fooled by sentiment in the market

Bulls have an extremely nasty habit of throwing their over-optimistic riders, cautions John Train

John Train is chairman of Montrose Advisers, an investment manager in New York City

There are various ways of measuring the market. The most important by far is value.

Another, though, is based on sentiment: you are safer buying when people are gloomy, and holding back when they feel bullish. At the moment, they are very bullish indeed. Consider a recent Louis Harris poll. Of those questioned, 1.85 per cent expected the total return over the coming decade to equal or exceed those of the decade just ended; 2.41 per cent did not expect to see a single year in the next decade with a market decline of 10 per cent; and 3.78 per cent did not expect to see a year with a decline of 20 per cent.

These answers, of course, are unrealistic. The market cannot rise forever at a faster rate than the underlying earnings of companies, or move without jitters.

Also, the returns of the past decade were higher than almost any previous decade in history, and it was also the first in history without a single calendar year in which the market declined 10 per cent. So the public is grossly over-optimistic.

Here are what you might call the principal "cries" that one hears today:

With the collapse of communism, free enterprise now reigns worldwide, creating a much healthier business environment for

companies that can take advantage of it. In addition, the emerging countries are creating billions of new investors.

The US political climate is satisfactory: both parties are basically centrist.

Inflation is under control.

Unemployment is at a satisfactory level.

The US dominates the fastest-growing major industry, information

software, as well as biotech and other technologies.

The baby boom generation is entering its

extraordinary reversal from a few years ago. About 65m Americans own stocks, out of a total population of 260m, and 65m own funds (not stocks), triple the figure of only four years ago.

Since many of the 260m are infants or poor people, this really means that a huge proportion of potential stock-buyers is in the game already - and, quite possibly, for the wrong reason, namely, that stocks are going up because they are going up.

From 1,000 investment

cash holdings of mutual funds are down to just over 6 per cent, the lowest level in two decades.

In this century, however, whenever stocks rose 20 per cent in consecutive years, the third year was unsatisfactory. On three occasions (1929, 1937 and 1974) there was a catastrophic decline.

How will all this play out? It is perhaps worth noting that the investors' Business Daily average of 20 smaller capitalisation growth stock funds is lower than it was last May. So some parts of the market are, in fact, no longer rising.

Many observers are saying that market timing does not pay and that one should focus on stocks. I quite agree, so long as you don't pay more for a company's stock than it is worth as a business. Yet, dismissing market timing (or market caution) is itself a market indicator.

After a huge rise, anybody who had suggested selling looks foolish. But, after a 20 per cent or 30 per cent drop, anybody who earlier had suggested selling looks very clever, indeed.

peak earning period.

It is hard to foresee a major war.

The industrial countries are easing monetary controls. The excess liquidity thus created flows into purchases, including stock market purchases.

These "cries" are quite true. With markets, however, if something is true but universally known, it can turn into a trap. There is a ninth cry that is not true:

The market is high, but we'll ride it up until it starts coming down.

That is impossible. In a rush for the exits, it takes a long time to get out.

The breadth of equity ownership is an

elms in 1990, there are now 24,000. Many members are borrowing on their credit cards to buy stocks. But today's fund managers are not exactly Solomons, either. On average in the US, they are aged 28 with 3½ years' experience. Very few have lived through a bear market.

Here are some economic figures. US consumer debt is now around \$1.4 trillion and is growing twice as fast as wages. It runs at about \$3,400 a household, more than twice what it was 10 years ago.

Margin debt has risen hand in hand with the stock market and is approaching \$100bn, which is 10 times the level of the early 1970s.

# GUINNESS FLIGHT

## GLOBAL PRIVATISATION FUND

The Guinness Flight Global Privatisation Fund was the top performing international equity growth fund over 1996, with a performance of 33.8%.

Following the British model, well over 100 countries have now adopted privatisation as a core part of public policy. The OECD recently reported that global privatisations reached a new record in 1996, up 14%, and are expected to rise again to US\$100 billion in 1997. The global privatisation programme makes available for investment many large companies in stable industries that have considerable scope for efficiency gains, and substantial profit advances, as they enter a competitive environment. You can access these opportunities through the award-winning Guinness Flight Global Privatisation Fund, the first offshore fund of its type.

### GUINNESS FLIGHT

#### INTELLIGENT INVESTMENT

Guinness Flight Fund Managers (Guernsey) Limited, Guinness Flight House, PO Box 250, St Peter Port, Guernsey GY1 3QH, Channel Islands. Tel: +44 (0) 1481 712176. Fax +44 (0) 1481 712065. Internet: www.guinness-flight.com

Please send me more details of the Guinness Flight Global Privatisation Fund

Title \_\_\_\_\_ Initials \_\_\_\_\_ Surname \_\_\_\_\_

Address \_\_\_\_\_

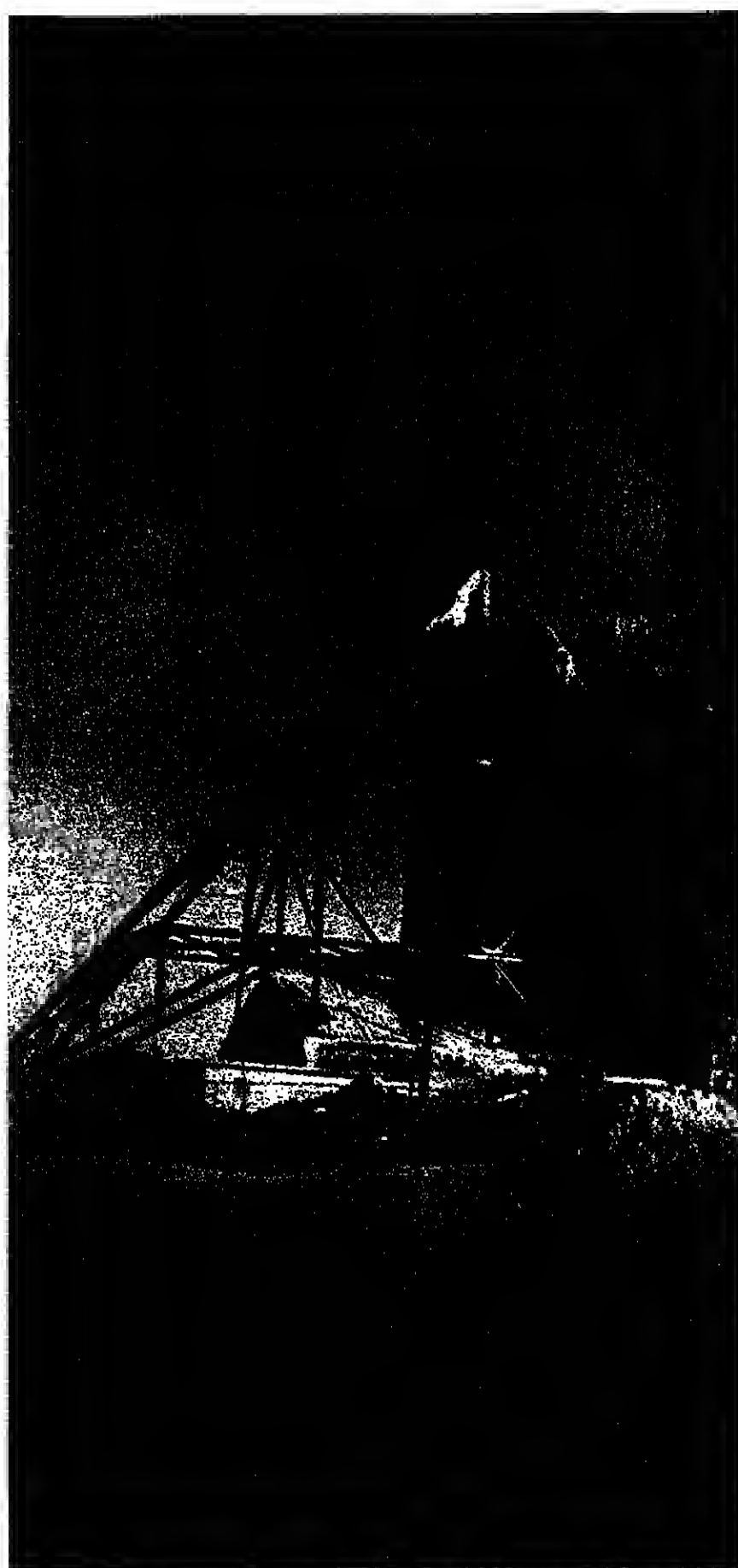
Country \_\_\_\_\_

Call +44 (0)1481 712176 for information

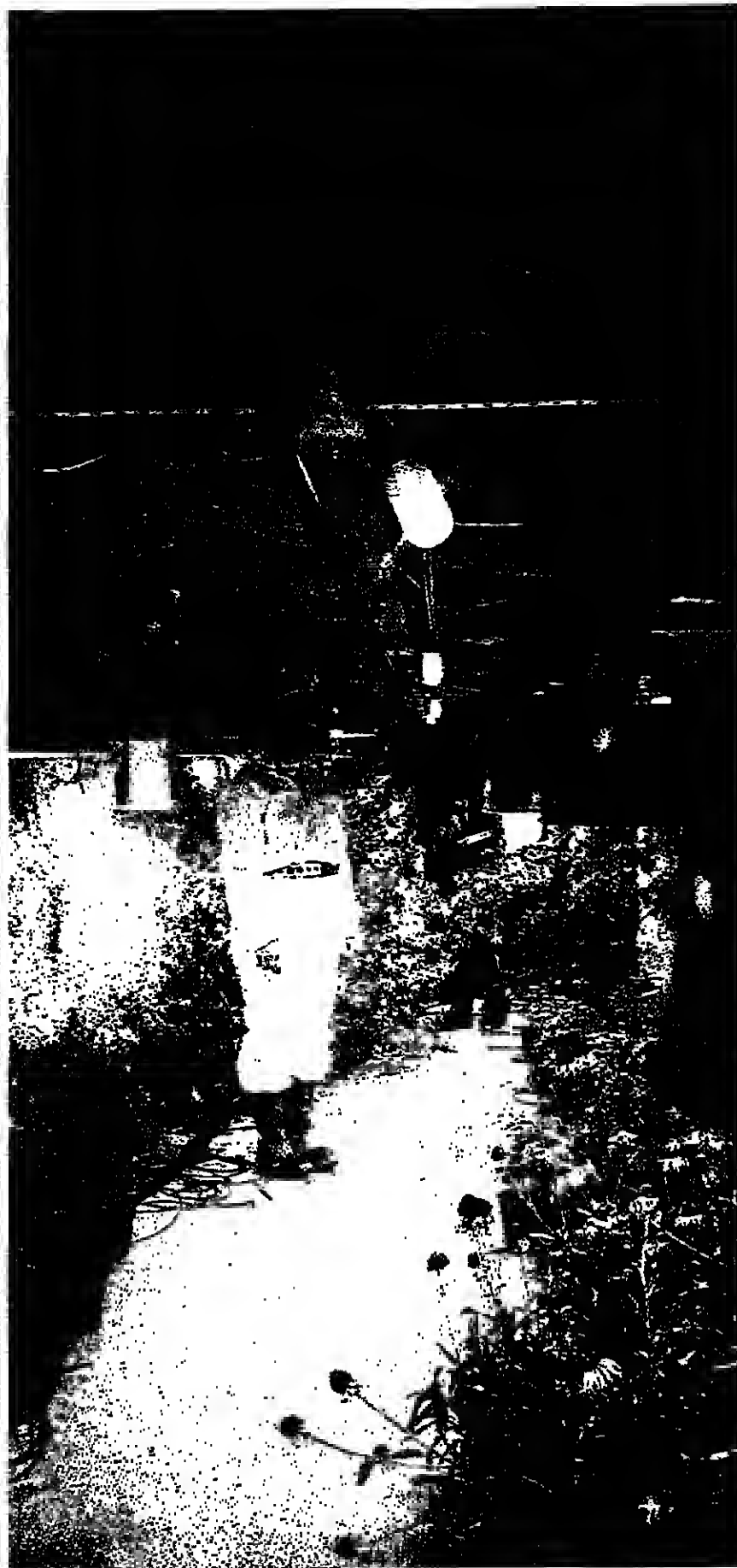
\*Source: Micropal. 1st out of 83 in offshore Global Equity Sector - Micropal UK SIB Authorised Offshore Awards 1996. Offer to offer, gross income reinvested to 1.1.97 in US Dollars. Since launch (2.5.94) performance and sector ranking: 65.9%, 27/47. Minimum Investment: £5,000/US\$7,500. Past performance is not necessarily a guide to the future. Fluctuations in the value of the underlying securities and the income from them and changes in exchange rates means that the value of this investment and the income from it can fall as well as rise and are not guaranteed. For your protection telephone calls may be recorded, issued by Guinness Flight Global Asset Management Limited, regulated by IMRO and the Personal Investment Authority.



## FT WEEKEND



Arctic conditions for seven months in the year used to make providing fresh fruit and vegetables for the miners impossible - but no longer, thanks to the underground Hudson Bay gardeners



Arcadia

## A subterranean Eden

Karen Considine discovers a miracle down a mine shaft that now has medicinal purposes

Nearly a quarter of a mile underground, the mist swirled against the moist brown walls of the mined-out tunnel. The miner's lamp on his helmet flickered and I stumbled over a narrow gauge railway track, wondering if a ghostly wagon laden with copper ore would suddenly appear out of the gloom.

Then the miracle unfolded. Through the tangy odours of mud and damp, and enveloped in utter darkness, fragrances wafted through the tunnel. There was sweet basil and oregano, lemon thyme and rosemary.

The fortified door of an old dynamite storage depot came into view. Flung open, all was colour and light. The Hudson Bay Mining and Smelting Company's Subterranean Growth Chamber, to give the underground Eden its full name, was mimicking daylight 1,100ft below ground.

The garden lies beneath the town of Flin Flon in northern Manitoba, Canada. It all began as an experiment by the Hudson Bay Company to heal the scars that mining inevitably leaves, and to get around a harsh cli-

mate in which summer lasts a mere three months and winter temperatures hover between minus 15° and minus 35° centigrade.

The idea was to start a nursery for shrubs and saplings, which struggled to grow on the reclaimed mining land above ground. Seven years ago, the gardening began in a 330 sq metre cavern, which had been a powder magazine when this level of the copper and zinc mine was still in original use.

Blue metal halide and reddish sodium lights, which provide a spectrum comparable to sunlight, give a surreal look to the plants. But the very ordinariness of the shrubs and herbs, the tomatoes and raspberry canes, was reassuring and told of the success of subterranean cultivation.

When the first pine seedlings were planted in February 1990, given 15 hours of "daylight" and a controlled temperature of 25°C by "day" and 17°C by "night" they grew like Jack's beanstalk - about three and four times faster than the equivalent growth in greenhouses above ground.

"So then we started trying out other produce. It is always a

problem in remote mines in the Arctic or the desert providing fresh fruit and vegetables for the miners," said Ron O'Neill, who is the project supervisor. "Well, the herbs produce 10 inches of leaves a fortnight and you saw the size of the tomatoes."

"When we brought in 80 bare rose stems we had more than a thousand blooms within three

**Plant species of ancient lineage give the most spectacular results**

months. There are many theories and I think the lack of stress to the plants has a lot to do with it. No battles with the climate, no bugs or pests."

But, as O'Neill confessed, they are having trouble raising spuds "worth a dime" and are not quite sure why. "They're cousins to the tomatoes. The theory is that there's about one part per billion

gasoline in the air of the mine and the root vegetables don't get any of that. Maybe a little bit of pollution ain't so bad."

It seems that plant species of ancient lineage give the most spectacular results. The company scientists speculate that this is because the slightly elevated carbon dioxide levels in the air duplicate the natural atmosphere of more primitive times.

Halfway along the chamber, there was a rough wooden door marked "Detonators". This smaller cave is the potting shed and home of the fertiliser, mixed with the water in what O'Neill calls "the fertigation system".

All around, healthy plants jostled for attention. Hibiscus, Madagascar periwinkle, purple coneflowers and rain birch reached towards the silver reflectors which threw light directly down on them.

The Saskatoon berry bushes looked pleased with themselves. Above ground they grow about eight inches per annum and wait a few years before blooming. Down here, they are shooting up a metre in four months and then blooming right away.

The success beneath the

ground at Flin Flon has attracted the attention of pharmaceutical companies, which are keen to use similar environments for slow growing medicinal plants. They are very interested in an anticancer agent in the Pacific yew tree, which has grown at least twice as quickly as its normally slow above-ground rate.

Coneflower, digitals and periwinkle, used for the treatment of cardiac and respiratory illnesses, are all flourishing. But the enormous potential for cheaper, more effective drugs has begun to change the personality of the underground garden, with mining authorities becoming more reluctant to allow visitors to be amazed by their cultivation cave.

My ears popped as I emerged at ground level from the mine's elevator, and my nostrils froze together in the minus 30°C air. A group of miners were waiting to descend to the lowest level where ore is still won in commercial quantities.

"Been to see our garden?" asked one. "They used to grow us roses for our wives but I hear they've got drugs down there now. Tell Ron to give us a share in his marijuana!"

True Fiction

## Knocking our leaders into the right orbit

Michael Thompson-Noel provides poetic guidance for all politicians

On May 1, Britain goes to the polls to elect a new government. Those of you who live in Ust Vaga, shall we say, may not find that gripping. But if you live closer to London you may be quaking in your shoes, wondering whether the irascible, glassy British are likely on May 1 to vote in an even worse government than the exhausted, sleaze-ridden, intermeddled Conservative party gang that is now begging to be re-elected, as though, after 18 years, everyone was not heartily sick of them.

This election is not unimportant to Europe's future. As Britain's European Union partners know to their cost, the British under the Tories have displayed an instinctive talent for upsetting the apple-cart of European federalism, European federalism being the grand cause to which I and Germany's Chancellor Helmut Kohl have devoted the best years of our lives.

In spite of its importance within Europe (if not much beyond), the election campaign to date has been typically petulant and childish. The Tories have faced additional allegations of scandal and corruption. And there have been predictable wrangles about which party would raise tax rates most speedily if voted into power. There has been nothing inspirational or edifying. No vision or poetry. Nothing about the millennium or beyond.

Yesterday, I attempted to mudge things into orbit by contacting the leaders of the three main parties, to berate and cajole them. Things started badly. I could not reach Tony Blair, the funky, charismatic and unbelievably sexy leader of Britain's "New" Labour party (as opposed to its "Old" Labour party), who enjoys a big lead in the polls.

Nor could I raise Brigadier-General Paddy Ashdown, the gung-ho but pompously pious leader of the Liberal Democrats, who are doing inexpressibly badly in the polls.

But John Major was not a problem. He very seldom is. He is the prime minister, though probably not for long, given the raggle-taggle state of the Conservatives. Major sounded tired.

"I am glad to have got through to you on the telephone," said the prime minister. "Although I am still considerably confident of success at the hustings, I want to pick your brain, Michael. My campaign needs retuning. I am not expecting a landslide victory. But I would like a win of some sort, thus enabling me, without fear or favour, to continue to ameliorate the lives of everyone, be they dukes or duchesses, greenkeepers or bus conductors. What say you?"

My brain switched into hyperdrive. "Three things," I said. "First, be careful where you go. Your appearance at Aintree racecourse on Monday, for the Grand National steeplechase, was pathetic. When IRA bomb threats caused last Saturday's scheduled running of the race to be postponed, you should have taken the hint and stayed well away."

"Your predecessor, Margaret Thatcher, had the Falklands war to bolster her political stock. But on Monday you tried to play the patriot card and

snub the terrorists by attending a horse race that ought to be banned anyway. Quite soon it will be. It's a disgrace. On Monday, two horses were slaughtered. One smashed its neck, another its shoulder. And there you were, right in the middle of it. Awesomely tawdry."

"Second, get some sleep. Amanda Mitchison, an excellent Sunday Telegraph hack, wrote about your appearance last weekend. She said your small, Kermit mouth had narrowed still further with the strain of too many Tory sleaze stories and too few points in the polls. But the public, added Mitchison, still loved you, especially the under-12s and over-60s. Trouble is, John, my tracking polls reveal that your support is still crumbling. You are now best loved among the under-10s and over-70s. Get some sleep."

"This is considerably helpful," said Major. "I have made a note of those points in my notebook. What is your third observation, Michael?"

"Third," I said, "say something nice to Europe. Where is Britain going? Will we ever stop giggling and curb our

**'The action's all aloft. Perihelion. Killer comets. Transmogri-whatsit. Ain't heard of no election'**

selfishness? Can we become team players? Will we join in the great European adventure - the march to federation - or will we stay on the sidelines, jeering yobbishly?"

"I have every confidence," said the prime minister, not at all testily, "that my third administration will succeed in its over-arching quest to make the rest of Europe more like Britain. I do not say, Michael, that the rest of Europe will be warm beer and cricket. That is to simplify the nub of my message. But without doubt the lives of our European cousins would be considerably enhanced if they would only ponder the qualities that have made Britain great these past few thousand years, and resolve to adopt our ways."

"I find your suggestions most constructive, Michael. You have wisdom aplenty. But how am I doing in cool circles? You are in touch with the street. Perhaps you would consult your friends and telephone me at your leisure."

Last night, I asked my dealer how Major was faring straightwise. I live in Notting Hill, London's hippest neighbourhood. We all have a dealer. Mine is called Darcy - young, black, a master of cool. He deals in geraniums. I buy mainly pinks and whites.

"Election is it," parried Darcy. "It ain't reached the street. To paraphrase Martin [Amis], the earth's still orbiting the sun at 30km per second. So the street's still travelling in the general direction of Virgo at 250km per second. Milky Way whatever. That's the thing, Mike. The action's all aloft. Perihelion. Killer comets. Transmogri-whatsit. Ain't heard of no election."

Metropolis

## Poetry and death in motion

Ted Bardacke on the Po Teck Teung teams of Bangkok, a rescue service for this life and next

You should ask for anything you want," said the hyperactive temple attendant. The certificate marking the donation of one coffin for those too poor to pay for a proper Thai burial was burning in a large incense-scented urn. "Maybe it will be the last time you get to make a wish."

The comment was not meant to be morbid. The attendant was paying his respects to donors at Wat Phlabprachal, spiritual headquarters of one of Bangkok's more curious institutions, the Po Teck Teung Foundation. It is where urban Thais, particularly those of Chinese descent, give money so that the dead may have in death - a decent cremation or burial - what they did not have in life.

Morbidity is more associated with the Po Teck Teung workers at a separate operations centre where the city's bodysnatchers congregate.

Part rescue team, part forensic officers, part macho speed

demons, the Po Teck Teung teams, along with those from a rival organisation, Rnam Katanyu, cruise Bangkok at night in low-slung, modified pick-up trucks in search of car wrecks and other disasters.

Those found living are rushed to hospital in the back of the pick-ups, and are very grateful, as the city's emergency services could not cope without the charitable assistance.

But, with ears tuned to their police radio scanners and circling the city like scavengers, the Po Teck Teung teams are also looking for death.

"I've always liked to see dead bodies since I was young. I used to go to watch first-year medical school students open up

corpses," says Kanjongsak Kong-in, sitting in a dreary neon-lit office littered with spare motorcycle parts. A large-screen television is showing film of the effects of a car bomb the previous night.

Thai Buddhists do not fear death, so dead bodies are not feared either. Corpses are respected, especially in the first seven days after dying, when a person's spirit still lingers around the body, having not yet figured out that its physical carrier is dead.

Kanjongsak says this respect leads him to document death for the foundation on video and stills for sale to the Thai media. Pictures of dead bodies litter television programmes and

newspapers. There are magazines, such as 191 (named after the emergency telephone number), devoted entirely to publishing pictures of people who have died a violent death.

There is even a popular Thai expression "Thai Moong" - literally "Thai people look" - to describe the group of people who inevitably gather at the scene of a disaster.

These days the voyeurs have plenty to look at. Road accidents killed two people every hour in 1996, according to Thailand's Ministry of Public Health. For when some Bangkokians are not stuck in traffic jams, they seem to make up for lost time

by speeding, swerving and skidding towards their destinations.

They share the roads with crazed motorcyclists and truck drivers, who survive on caffeine and amphetamines, purchased from roadside vendors. They hide the little pills inside the garlands of fresh flowers which Thais hang from their rear-view mirrors.

The same Buddhist principles that cover death, also govern driving, explains Philip Blenkinsop, a photojournalist and author of *The Cars That Ate Bangkok*.

Rather than relying on preventative measures, such as seat belts or helmets, Thais often seek the magical or spiritual pro-

tection provided by talismans. It could be an amulet bearing the likeness of a Buddha or charms inscribed on cloth, paper or metal and placed by monks on the inside roof or dashboard of the car.

"The strength of Thais' belief in their talismans is reflected in their expressionistic driving styles," Blenkinsop says.

"Their seemingly total disregard of street signs, traffic lights, laws and other motorists can of course be viewed in two different ways."

The western way, irresponsible and negligent with an almost blatant disregard for human life, or the Thai way, a sort of subconscious poetic blend of technology and karma on wheels at

high speed where only the dead deserve to die."

That is where Po Teck Teung comes in. Founded at the turn of the century in honour of Thai Hong Kong, a Chinese Buddhist monk who became a saint of mercy 900 years ago, the foundation's central Bangkok cemetery for the poor or orphaned has run out of room.

Po Teck Teung has just completed a fundraising drive to collect money to build a new cemetery to the north of Bangkok capable of holding 20,000 of the deserving dead.

Kanjongsak claims this new operation will run out of space in two years.

"After that we'll dig up the bones and burn them, creating space for the new ones," he says. "Just like they do with the steel from old crashed cars."

Obit No 1776: 1997  
Bt 1 3 Bt 1 3 Bt 1 3  
Bt 1 3 Bt 1 3 Bt 1 3  
Bt 1 3 Bt 1 3 Bt 1 3  
Bt 1 3 Bt 1 3 Bt 1 3